

The NATIONAL UNDERWRITER



GENERAL REINSURANCE CORPORATION

90 JOHN STREET, NEW YORK • 200 BUSH STREET, SAN FRANCISCO

Items from Financial Statement of December 31, 1939:

CAPITAL	\$1,000,000.00
SURPLUS	6,000,000.00
VOLUNTARY RESERVE	663,056.37
LOSS RESERVE	7,103,431.21
PREMIUM RESERVE	2,164,731.92
ALL OTHER LIABILITIES	810,675.54

TOTAL ADMITTED ASSETS . . \$17,741,895.04

Securities carried at \$1,098,113.75 are deposited
in accordance with law.

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Casualty, Fidelity and Surety Reinsurance

THURSDAY, MAY 9, 1940

**EQUIPMENT—
to Reach the Top**



Like the experienced mountain-climber, the Standard agent or broker is fully equipped for success.

Helping him toward his objective is intelligent home and branch office co-operation, effective advertising and sales aids, *plus* the assistance of experienced underwriters, safety engineers, auditors, claim and field men.

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STANDARD ACCIDENT INSURANCE COMPANY

Standard Service Satisfies . . . Since 1884

THE NATIONAL UNDERWRITER. Published weekly (with one additional issue in April) by The National Underwriter Company. Office of publication, 175 W. Jackson Blvd., Chicago, Ill., U.S.A. Forty-fourth year. No. 19. Thursday, May 9, 1940. \$4.00 a year, 20 cents per copy. Entered as second class matter April 25, 1931, at the post office at Chicago, Ill., under Act of March 3, 1879.

We, the Agents

After all, *we, the agents*, are just a cross section of *we, the people*.

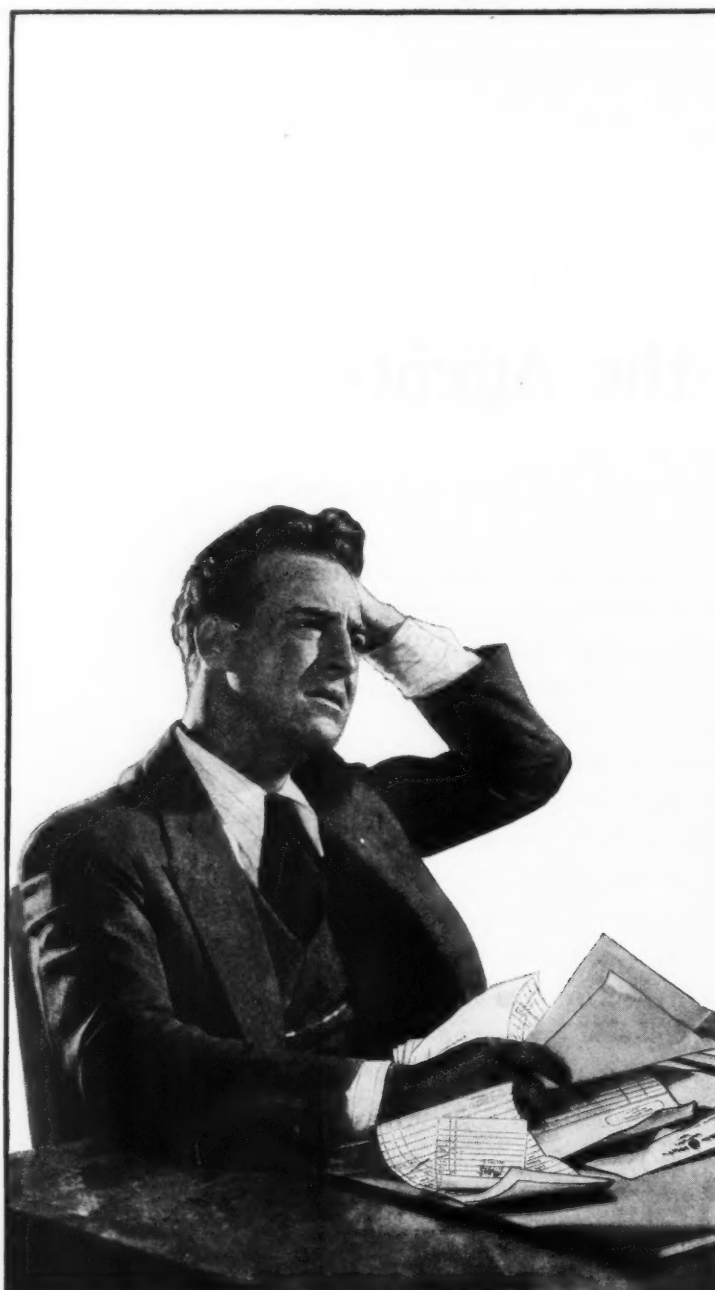
Of late, *we, the agents*, have heard much talk of such things as collectivism, consumer movements, middlemen, cooperatives—without taking account of their possible effect upon our own business.

If you will look at the coins in your pocket you will find them stamped with the motto, "E Pluribus Unum" (one out of many), a free translation of which might give us "United We Stand." Insurance agents should weigh these words well.

Every State has its association of insurance agents in which you will find brains and leadership, and the best insurance of your own future.

In the interests of your clients' security, your own security and your own pocketbook—join, support and work with your State Association.

Published by the United States Fidelity & Guaranty Company and its affiliate, Fidelity & Guaranty Fire Corporation. Home Offices: Baltimore, Maryland.



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Milwaukee Mechanics' Insurance Company Commercial Casualty Insurance Company

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Southwestern Dept.
912 Commerce St.
Dallas, Texas

Pacific Department
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FIRE • MARINE • CASUALTY • SURETY

Loyalty Group
INSURANCE

The **NATIONAL
UNDERWRITER**

Forty-fourth Year—No. 19

CHICAGO, CINCINNATI, NEW YORK AND SAN FRANCISCO, THURSDAY, MAY 9, 1940

\$4.00 Year, 20 Cents a Copy

**Concentrate on
Life Hazard in
Multiple Dwellings****N.F.P.A. Devotes Especial
Attention to Problem at
Annual Convention**

ATLANTIC CITY — Apartment house fires caused so many deaths and so many more narrow escapes during the last year that the life hazard in multiple dwellings is receiving an unusual amount of attention in the general sessions and the fire marshals' section meetings of the National Fire Protection Association's annual convention here. Many of these buildings are fire-traps and the designation applies not merely to tenements but to some very high grade buildings, artistically designed and soundly built, but reflecting scant practical knowledge of protecting life and property against the dangers of fire. Those caught inside may be killed when they rush into smoke and flame filled exit stairways, doors of which have probably been fastened back contrary to local fire ordinances.

There is talk of congress putting through a law requiring an auxiliary fire alarm box in every large apartment building in the District of Columbia, a move which has thus far been slowed by competition between makers of various devices, some contending that automatic alarms should be provided, others favoring the manually operated type. An extremely effective method, proven in Boston by 20 years without loss of life in an apartment fire, is a law requiring sprinklers in every basement, hallway, stairway and kitchen.

Must Have Appropriations

One difficulty that almost always arises after a fire causing a shocking loss of life is that the local city council or state legislature puts through laws requiring the fire-prevention and fire-fighting authorities to do an amount of extra checking and inspection, that because of the lawmakers' failure to sup-

(CONTINUED ON PAGE 22)

**Would Investigate Fire
and Casualty Insurance**

WASHINGTON, D. C.—Congressman Houston has introduced a bill in the House to investigate fire and casualty rates. It has been referred to the committee on rules. The bill proposes that the investigating committee consist of three members of the House and representatives from the Department of Justice, Department of the Treasury and the SEC. It would appropriate \$50,000 to carry out the investigation. It would make recommendation for legislation.

**Chase Bank Official
Views Insurance Scene**

ATLANTIC CITY — Banks in the future may very likely require on real property pledged as collateral in connection with a corporate indenture bond issue, not only fire insurance but additional coverage such as use and occupancy, or where necessary, rental or leasehold coverage, sprinkler leakage, windstorm, explosion and possibly other types of insurance under circumstances which warrant them, K. C. Bell, vice-president Chase National Bank of New York City, and manager of its insurance department, said at the American Management Association annual insurance conference.

"Not that banks and trust companies are courting any such additional responsibility," he said. "It is merely that the trend of the times seems to throw added responsibility upon the corporate fiduciaries and as a consequence of this, it may become necessary some time in the future for banks and trust institutions to require on behalf of the mortgage bondholders evidence of insurance protection beyond the mere fire insurance generally called for in the past, for the safeguarding of the properties pledged by the borrowing customers."

Helps Preserve Equities

Mr. Bell pointed out that any such supplemental protection for pledged properties serves not only to protect the loaning institution but also helps preserve the equities of the debtor corporation's shareholders.

Mr. Bell predicted that since the Coudert bill has become law there should be less misunderstanding in New York state between borrower and lender as to amount of coverage called for. This law obligates mortgagors to carry fire insurance for the mortgagee's protection to the full insurable value of the property. He also mentioned the possibilities of loss prevention, saying that banks, like other business concerns, are more and more studying their insurance arrangements to see to what extent insurance protection can be adapted to loss prevention.

Because of coming up against so many and varied business situations, their viewpoint on desirable insurance companies and contract forms is often of advantage to their customers, Mr. Bell said, but warned that banks should not act as insurance counsel or advisers to their customers.

Banks in Small Places

"In certain states banks in small communities are permitted to sell insurance as direct representatives of the underwriting companies," he continued. "I am not discussing that situation but rather the question of banks counseling with their depositors and borrowers as to the nature and extent of the insurance these customers should carry and with whom it should be placed. Banks should be, and I believe they are, careful not to appropriate to themselves the role of technical insurance advisers. . . . Banks should not direct the placing of insurance for others but they can place at the disposal of their customers very much needed and dependable data with regard to insurance companies when

that information is requested of them."

Mr. Bell said that ordinarily a bank has little reason to concern itself with the non-borrowing customer's insurance arrangements outside of those involving forgery, registered mail and in some cases transit or transportation coverage. Depositors' forgery insurance is probably not so widely bought as it should be, he said. While a bank is liable for forgery, either of the maker's signature or the payee's there are other possible situations, mainly instances of contributory negligence, where depositors' forgery insurance would provide a much needed protection for the depositor, he pointed out.

Coverage Should Be Redrafted

"However, if such insurance is to constitute the anti-litigation device as between the depositor and his bank which insurance producers frequently emphasize so strongly, then the standard coverage as it now exists should be redrafted so that it will unquestionably eliminate any controversial feature and not provide a mechanism for a possible manipulation between various insurers so that they may throw upon the entirely innocent bank the losses growing out of the perpetration of skillful forgeries against depositors' accounts, whether by employees of the depositor or not," said Mr. Bell. "Certain litigation now in the courts may tend to clarify the unsatisfactory ambiguity of the present conference policy forms."

May Require Forgery Insurance

"In at least one set of circumstances banks are clearly justified in requiring that their depositors carry effective forgery insurance contracts which will indemnify their banks and themselves. That is when any mechanical or photographic check signing devices are used. When the depositor adopts time and expense saving equipment for his own advantage and thereby deprives his bank of any possibility of detecting any irregularities in the signing of his checks, he should be prepared to indemnify the bank both by board resolution and by insurance contract. I cannot see any defensible argument to the contrary. And of course we also need on the statute books of every state the Illinois form of forgery statute with respect to fictitious payees."

J. H. Mears, vice-president Brown, Crosby & Co., New York, and L. E. Kietzmann, secretary of American, discussed Mr. Bell's paper.

E. M. Allen, vice-president National Surety, commenting on Mr. Bell's paper, mentioned a case where an attorney converted an estate's funds under his control as trustee. Mr. Bell agreed it showed the need of closer cooperation among banks, attorneys and surety companies.

Vetoes U. S. Cotton Insurance

President Roosevelt has vetoed the measure extending federal all risk crop insurance to cotton. He explained that he is opposed to extending the program until there is obtained a satisfactory "backlog" of experience in connection with the insurance of wheat.

**Buyers Respond
to Quiz Idea at
A. M. A. Rally****Atlantic City Sessions Elicit
Much Valuable Material—
Insurance Men Participate**

ATLANTIC CITY—W. A. Sullivan of Kansas City, insurance manager of the Loose-Wiles Biscuit Company, was chosen vice-president in charge of the American Management Association insurance division at the meeting here.

By ROBERT B. MITCHELL

ATLANTIC CITY—Quiz programs are as popular among insurance buyers as they are on the radio. The novel departure of devoting an entire afternoon of an annual gathering to four concurrent question-and-answer sessions preceded by a morning spent in quizzing a board of six experts proved very much to the liking of those attending the American Management Association insurance conference here.

Much of the quiz idea's success was due to Ralph H. Blanchard, professor of insurance, Columbia University, who a year ago ran a quiz session which was so popular that when he became vice-president of the A. M. A. insurance division he continued to give his public what it clamored for, the results being last December's one-day all-question-and-answer meeting in New York City, and this week's meeting, with its entire first day devoted to getting the answers to what is on the buyer's—and in some cases the seller's—mind.

Strong Point of Plan

Strong point of the quiz plan is not only that it gets the best available answer to the questions but that all queries have an equal chance to be heard, whether the highly technical question of an experienced insurance man who devotes his full time to managing a big corporation's insurance department or the more elementary problems of the smaller firm's insurance manager who handles quite a few other duties in addition to insurance. Not all sessions were equally well attended but all aroused lively interest and none required artificial stimulation to keep them going till close to 5 o'clock.

OPPOSE INCLUDING AUTO

Liability and compensation proved one of the most popular of the four concurrent question and answer sessions. All-risk public liability was debated at length.

Despite the interest of buyers in the all-risk principle, an overwhelming majority voted in favor of all-risk public liability excluding auto rather than in-

(CONTINUED ON PAGE 16B)

Proposes Safety Appeal on Cigarette Stamps

Bugbee Offers Suggestion at N. F. P. A. Meeting—McComb's Recommendations

ATLANTIC CITY—Percy Bugbee, in the course of his report as managing director, at the annual meeting of the National Fire Protection Association, submitted a resolution to memorialize the internal revenue department to introduce in the design of revenue stamps for cigarettes an appeal for safe disposal of lighted matches and cigarettes.



Percy Bugbee

The careless disposal of matches and cigarettes is the principal cause of fires, Mr. Bugbee remarked. In addition to the revenue stamp proposal, he said the N. F. P. A. intends to request the cigarette manufacturers in their advertising to appeal to smokers to be careful. Representatives of the U. S. forest service, he declared, believe that the revenue stamp message on the billions of packs of cigarettes sold annually would produce results. The great majority of forest fires, he pointed out, are due to the careless smoker.

For National Chimney Code

The second most prolific cause of fires, according to Mr. Bugbee, are sparks on wooden roofs and fires from defective and dirty chimneys. Mr. Bugbee endorsed the proposal made 14 years ago by D. K. Boyd, Philadelphia architect, for a national chimney code. Mr. Boyd advocated that the issuance of insurance be contingent upon a certification that all flues are tight.

For old chimneys, the managing director suggested that in cities where the hazard warrants, municipal chimney sweeps be employed with the cost borne by each property owner. Such a plan was pursued in Montreal, he said.

Most deaths, injuries and property loss from fires are brought about by unending repetition of well known acts of carelessness and common hazards. "The painful process of public education in the simple precautions to take to prevent suffering and loss from fires seems pitifully slow at times, but it is vital and must be constantly pursued and broadened," he asserted.

McComb's Recommendations

S. D. McComb, president of the Marine Office of America, in his N. F. P. A. presidential address, recommended that a complete treatment be formulated of the protection needs of art galleries, libraries, museums, and archive buildings. The number of irreplaceable objects of art and antiquity, he observed, which are being carefully preserved is constantly increasing. The type of extinguishing agent employed for such buildings must be such as to exert no damaging effect upon the contents under fire fighting conditions or in case of premature operation of the system.

Mr. McComb also recommended that a special committee study the problem of automobile parking in congested cities. The congestion frequently seriously hinders the passage of larger pieces of fire apparatus. The cars are lining the streets, he declared, because

(CONTINUED ON PAGE 23)

Commissioners Await Official Word on HOLC Deal

Although many of the insurance commissioners are exhibiting the utmost interest in the new insurance arrangements of the Home Owners Loan Corporation, practically all of the state officials are waiting to examine the official record and to get a full understanding of the program before issuing any manifestoes or rulings. Several of the commissioners apparently feel that the new arrangement with the Stock Company Association may violate anti-discrimination or anti-rebate laws because of the provision that the HOLC is to receive a fee of 25 percent of the premium for collection, inspection and other expenses.

American Mutual Alliance has made public correspondence of General Manager A. V. Gruhn and Superintendent Pink of New York on the question.

Mr. Gruhn contends that the 25 percent refund to the HOLC differs in principle from the 5 percent that the HOLC received under the old arrangement from the Stock Company Association and the Mutual Company Association. The 5 percent was to take care of increased costs of the HOLC, whereas the 25 percent does not, he contends.

Mr. Gruhn in writing to Mr. Pink states that no insurance department would permit insurers to pay a 25 percent commission to private mortgagees as a reimbursement or reward for property inspection. "It is doubtful, too," he states, "that a governmental agency can legitimately furnish this type of service for compensation."

"If insurance companies cannot properly make such payments to private mortgagees," he asked, "does the situation change merely because the mortgagee is a governmental agency?"

Mr. Gruhn contends that the amount of the commissions or service fee allowance to the HOLC is excessive even in the event any payment at all can be justified.

Mr. Gruhn states that the HOLC press release "very carefully avoided mention of the 25 percent commission." The omission of that fact, he said, suggests that the commission is an inducement.

Mr. Gruhn states that the HOLC has now announced that the 25 percent deal is not to be effective in states which disapprove of it. "Does this mean," Mr. Gruhn asked, "that the allowance is to be increased in those states where no objection is raised?"

When members of the Stock Company Association meet in New York May 14, it is anticipated a full report will be made of the recent arrangement entered into for handling HOLC business.

While criticism of the plan was filed with the New York department by A. V. Gruhn, Superintendent Pink re-

CHARLES F. RUPPRECHT'S NEW BOOK

Fire insurance men will be interested in a new book, "The Modern Fire Underwriter," as the author is C. F. Rupprecht, assistant vice-president of the North America at its head office, and well known to insurance men personally or by reputation. The publisher is the "Spectator," 56th and Chestnut streets, Philadelphia. Mr. Rupprecht gave much time, thought and effort to the writing of this book. He realized that there has been no textbook, guide or manual to be used in college classes on insurance and, in fact, there is nothing of a practical nature that an examiner or field man could peruse about underwriting. The book furnishes a program and guide for underwriting fire and allied lines. It is comprehensive in scope and can be used as a supplementary text for training in all branches of fire insurance.

Divided In Two Parts

It is divided into two parts. The first deals with the theory of fire underwriting, explains the duties of clerks, examiners and underwriters, and carries one through all the processes undergone by a risk after it has been submitted to the head office. It offers a complete exposition of the hazards, moral and physical, and exposures encountered in each type of risk, and explains in detail the methods of determining retention, reinsurance, etc.

Part 2 presents the actual line sheet or formula for grading all types of fire insurance risks. This not only attempts to balance the net retention on a given risk, and the income of a company by territory, but also sets forth the principal factors that should be considered in each situation, and indicates to the underwriter at what point matters should properly be referred to the supervising officers.

The book contains a large amount of information of great value that has been available only through conversation. The book sells for \$6. There are 472 pages.

Mr. Rupprecht has had 29 years of experience in fire insurance. He is a

frained from considering the matter pending the receipt of a complete copy of the agreement. This he received Tuesday, and it is expected he will define his attitude very shortly. The decision of the New York department is held highly important.

A condition of the agreement is that if any provision be in violation of the law of a state it shall not apply there. The commissioners of a number of states plan holding hearings upon the subject, at which officials of the Stock Company Association will appear and answer inquiries. It is likely, too, that members of the SCA will attend the convention of the National Association of Insurance Commissioners in Hartford in June, prepared to give the state officials whatever information is desired.

native Chicagoan, starting in the western department of the Hartford Fire and then serving from January, 1916, to July 1, 1919, with the Illinois Inspection Bureau, becoming well acquainted with rating. He became associated with Marsh & McLennan in Chicago, going with its engineering department. Subsequently he became western field man for the Tokio, traveling in 18 western states.

In March, 1920, he went with the Commercial Union as Illinois state



CHARLES F. RUPPRECHT

agent and two years later bought into a local agency at Danville, Ill. He was successful as a salesman of insurance. He was recalled to the Commercial Union and made Wisconsin state agent. He served there for five years and then the company transferred him to California, making him assistant manager of the Pacific Coast department. On Dec. 14, 1931, he was called to the head office in New York and made secretary. A year later he became assistant United States manager. He joined the North America July 1, 1938, being the direct assistant to the vice-president in charge of fire insurance.

Mr. Rupprecht has thus had a wide experience, and is a profound student of the business. Owing to the new features being introduced by the North America in underwriting undoubtedly his knowledge of the business was drawn upon to a large extent to help shape its program and policy.

Hail Committees Are Being Formed in Many States

The organization of state hail committees is presently being perfected throughout the middle west and west by hail insurance executives to whom the duty has been assigned. The work is being carried on in accordance with instructions of the Western Hail Association, at its December meeting. The association decided to set up in the various states committees of local company representatives that would respond to loss problems or other emergencies during the season.

S. K. Bjornson, Rain & Hail Bureau, was assigned to the establishment of the committees in Oklahoma and Kansas; T. G. Dahl, Great American, Nebraska, Colorado, New Mexico and Wyoming; Jacob Nelson, Home, Minnesota, North Dakota and South Dakota; G. C. Edwards, America Fore, Chicago states except Iowa and Missouri, and B. E. Thorp, Hartford Fire, Iowa and Missouri.

Mr. Nelson has completed the organization of his committees in Minnesota, North Dakota and South Dakota. George S. Hansen, Rain & Hail Bureau at Minneapolis, is appointed co-chairman with Mr. Nelson for the three states.

THIS WEEK IN INSURANCE

Annual session of American Management Association insurance division is held in Atlantic City. **Page 3**

Attention is given at N. F. P. A. annual meeting to hazard of loss of life in multiple dwellings. **Page 3**

Walter H. Bennett, secretary and general counsel National Association of Insurance Agents, is rounding out 20 years of service with that body. **Page 5**

Percy Bugbee and S. D. McComb offer several specific recommendations in their messages at annual meeting of National Fire Protection Association. **Page 4**

Program is announced for the annual meeting of the New York State Association of Local Agents to be held at Syracuse next week. **Page 5**

George W. Holton, vice-president Phoenix of Hartford becomes also president Minneapolis F. & M. **Page 14**

R. H. Kastner of Chicago, assistant general counsel of the American Life Convention, will address the meeting of the Western Insurance Bureau next week on the TNEC life insurance investigation. **Page 6**

D. E. Chilcote, former Corroon & Reynolds executive, joins Ploeser & Watts agency of St. Louis. **Page 17**

J. M. Haines, London Guarantee, re-elected president Association of Casualty & Surety Executives. **Page 19**

Superintendent Pink of New York schedules public hearings for Friday on proposed important change in retrospective rating plan for compensation and a proposed graduated rate plan according to size of risk. **Page 19**

Congressman Hobbs of Alabama speaks at annual banquet of the Association of Casualty & Surety Executives in New York City on federal action on unauthorized insurance companies. **Page 20**

Program is announced for the annual meeting of the South Carolina Association of Insurance Agents to be held at Charleston, May 15. **Page 33**

Oklahoma Association of Insurers presents the program for its annual meeting at Enid, May 24. **Page 32**

Utility Insurance Manager Discusses Proposed N. Y. Form

Sees Still Greater Need of Clarity and Breadth; Questions Waivers

ATLANTIC CITY—The proposed New York standard fire policy would give the assured a better contract but perhaps does not go far enough, Reginald Fleming, insurance manager Commonwealth & Southern Corporation said, at the American Management Association insurance division conference.

"What we as assured want," he said, "is a policy which will be without ambiguity, one so simple that it will clearly and unequivocally state just what is and what is not covered. This is an ideal which probably cannot be obtained but I would be very hesitant in stating that the new form will result in the avoidance of disputes. . . . It is contended by opponents of the new form that making changes now will result in great confusion and expensive litigation. They say that . . . judicial dicta, the growth of years, will be thrown into the discard. Perhaps that would not be a bad idea. Anyway, I don't think that the argument deserves the weight that its proponents give it. The printed conditions of the fire insurance policies have been in litigation since 1886 and the self-same points are still argued and probably will continue to be. You can find the same point decided and re-decided in two, and for all I know, more than two different ways. And that continues."

Eliminating Conflicts

A suggestion which Mr. Fleming thought would help the assured and not harm the companies was that wording be incorporated into policies to the effect that in the absence of fraud, conflicts in policies covering the same property shall be construed so as to give the insured the benefit of the most advantageous contract applicable to his entire insurance coverage.

"This may put the burden of proof of fraud on the insurance companies," he said, "but isn't that where it belongs?"

As an example of the need of such wording Mr. Fleming took the case of a man who buys a policy on his house. He has another friend in the business to whom he wants to give some of his business, so he buys another policy to which a different form is attached, "not realizing that the two instruments may be quite dissimilar in their provisions and that he is going to have trouble when a loss occurs."

Likes Smudge Extension

Remarking that the present policy is "as confusing a mess as one could find," Mr. Fleming compared the principal features with the proposed form. He commended the smudge and smoke extension found in the proposed form but wondered why it was confined to the heating plant of the building.

"How about incinerators, or in a manufacturing plant suppose the furnace which causes the damage is not used for heating or is used only partially for heating?" he asked. "Further, is it quite clear that in excluding explosion within steam boilers it is not meant to exclude explosion originating within the combustion chamber? Another thing, just what about this exclusion of explosion in pipes?"

"In the first place, what is a pipe? Is the flue from the furnace to the chimney a pipe? Are hot air ducts pipes?"

(CONTINUED ON PAGE 22)

Convention Program of New York Agents

Heavy Schedule for Annual Meeting at Syracuse Next Week

The program for the annual convention of the New York State Association of Local Agents to be held May 12-15 at Hotel Syracuse, Syracuse, N. Y., is announced.

On Sunday there will be a meeting of the executive committee during the afternoon and in the evening there will be a joint meeting of the board of directors and the State Association Service.

On Monday, May 13, there will be a joint meeting of local board officers and members with the state association directors. Some of the questions to come up are local board qualification standards, agency qualification, multiple agency appointments, county associations, educational and safety programs, insurance on public property, amended fire department tax law, public relations.

First Convention Session

In the afternoon there will take place the first convention session with invocation by Rev. C. H. Leyfield, rector Trinity Episcopal Church. A. C. Deiseroth, president of the Syracuse Underwriters Exchange, will bring greetings and John D. Henderson, president Herkimer county association, will respond.

Inasmuch as the national convention will be held at Buffalo, A. C. Glasser, president, and R. C. Mason, chairman convention committee of the Buffalo Board, will tell about some of the plans.

T. A. Sharp of Rochester, executive vice-president, will speak about the membership campaign.

On Monday evening there will be a dinner in honor of the past presidents.

The most of Monday afternoon will be given to an intensive course and all will go to school. R. A. Duffus of Rochester, chairman educational and B. D. O. committee, will be the school master. He will be assisted by E. A. Cordes, engineering department America Fore; A. J. Hunke, inland marine manager Eagle Star; L. E. Mackall, vice-president National Surety, and F. J. Marshall, East Aurora, N. Y., chairman rural agents committee.

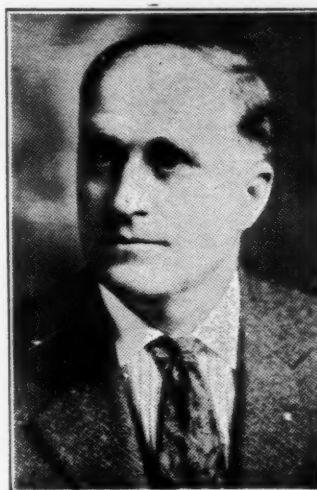
Mr. Marshall will talk on "Facts and Fallacies in Farm Underwriting." Mr. Cordes will speak on "Additional Coverages Under Fire Insurance Policies." Mr. Hunke will give his attention to inland marine lines and Mr. Mackall to fidelity bonds.

Tuesday's Program

On Tuesday forenoon at the second convention session, Roy A. Duffus of Rochester will present some pictures of other state conventions that he has taken. R. M. L. Carson of Glens Falls, president, will give the report of the administration, and J. W. Rose of Buffalo, the secretary, will present his report. Sidney Smith of Gainesville, Ga., National president, will speak at this session. F. L. Greeno of Rochester, national councillor, will give a report.

The Tuesday afternoon session will be given largely to a general discussion of important insurance and agency problems. J. H. Miller, chairman of the fire prevention committee, and C. H. Tuke of Rochester, chairman accident prevention committee, will lead in the discussion of safety work. Warren E. Day of Syracuse, regional vice-president, will discuss insurance agency tax problems. W. H. Lucas, M. H. Hech and A. C. Wallace will be the discussants on rural agents' problems. There will be a period devoted to the proposed new standard fire policy during which will be discussed rate revisions and reporting form of cover with W. H. A. Munns of Syracuse as chairman of the fire insurance conference committee, lead-

New S. D. Official



GEORGE K. BURT

George K. Burt, who recently took office as insurance commissioner of South Dakota, had previously been chief examiner in the department for three years. He had been in the insurance business about 30 years. At one time he was in the newspaper business.

A. J. Smith of New York City, member of the National executive committee, will lead in the discussion of automobile finance business. T. L. Rogers, Little Falls, chairman law and legislative committee, will discuss the insurance code and other legislative subjects. John J. Roe, Jr., Patchogue, chairman non-stock competition and mixed agencies committee, will lead in the discussion of agency appointments, and T. A. Sharp, Rochester, will be the discussion leader on compulsory automobile insurance, particularly the bill sponsored by the New York department. Albert Dodge of Buffalo, chairman, and J. D. Henderson, Herkimer, member of casualty and surety committee, will give attention to compensation commission and rating plans.

Annual Banquet

The annual banquet will be held Tuesday evening with President Carson presiding. Superintendent Pink of the New York department will be one of the main speakers and "Dusty" Miller of Wilmington, O., well known country editor and humorist, will also speak.

On Wednesday morning there will be the annual meeting of the stockholders of the State Association Service, which is the finance company, meeting of the new directors of the New York state association, and a luncheon will follow to honor the new and retiring officers and directors.

Oppenheimer Manager of Associated Agents & Brokers

BOSTON — Associated Insurance Agents & Brokers has appointed Edmund S. Oppenheimer of Springfield as general manager to succeed Harold P. Janisch, who resigned Feb. 1. Mr. Oppenheimer has been connected with the Oppenheimer Agency in Springfield, of which his father is the head, and served some time in the field as special agent of Metropolitan Casualty. He has been a state senator since 1937 and has just completed his duties as acting receiver of the Massachusetts Accident for Commissioner Harrington.

N. J. Insurance Women Meeting

NEWARK—The Insurance Women of New Jersey will meet here May 16, when M. W. Mays of the Business Development Office will speak on "Non-Stock Competition."

Bennett Rounds Out Twenty Years with the Agency Body

Organization Has Developed Into One of Wide Influence and Usefulness

NEW YORK—With the close of the present month Walter H. Bennett, secretary-general counsel of the National Association of Insurance Agents, will have rounded out 20 years service with the organization, of which he became secretary June 1, 1920, succeeding the late Chauncey S. S. Miller. Through the intervening years, the membership grew from 6,500 to the present enrollment of 15,249, earning at the same time the commendation and support of companies generally, instead of the attitude of suspicion with which its activities were regarded in the earlier period.

Personnel of the Committee

When he accepted the secretaryship, later to become general counsel, Mr. Bennett had as his official associates Fred J. Cox, Perth Amboy, N. J., as president; J. L. Case, Norwich, Conn., chairman executive committee, and as members of the executive committee: J. B. Leedom, Milwaukee; C. S. Pellet, Chicago; T. F. Southgate, Durham, N. C.; F. R. Bell, Charleston, W. Va.; C. B. H. Loventhal, Nashville; G. H. Johnson, Syracuse; M. J. Ellis, Macon; M. T. Mancha, Los Angeles, and E. M. Allen, Helena, Ark. Mr. Allen, who immediately preceded Mr. Cox as president, was shortly thereafter elected vice-president of the National Surety, which post he still holds.

With the sole exception of Delaware, there is now an active agency association in every state, with cooperating bodies in Alaska, Hawaii, and Puerto Rico.

Mr. Bennett began his business career as an attorney in Quincy, Ill., later serving for a period as corporation counsel for the city. Subsequently he was appointed state fire marshal of Illinois, and served several terms as president of the Fire Marshals' Association of North America. While active in fire prevention work he became acquainted with T. A. Fleming, then fire marshal of Ohio, and now head of the conservation division of the National Board; Frank Morgaridge, chief of the arson department of the latter body up to the time of his death some years since; J. H. Doyle, general counsel, and W. E. Mallalieu, general manager of the National Board.

In their search for a capable secretary for the association its executives turned to the National Board for suggestions, and the name of Mr. Bennett was cordially endorsed by those in the organization who knew of his work and were qualified to speak with authority in that connection. In response to an invitation from Mr. Cox Mr. Bennett came to New York, held a conference with Messrs. Cox, Case and C. F. Wilson of Denver, the last named being chairman of the finance committee at that time, and subsequently was interviewed by Mr. Mallalieu and the late F. C. Buswell, vice-president of the Home and then president of the National Board. His engagement for the post followed and the record of the association since fully justified the prediction that he was the right man for the job.

A hard worker, clear thinker and powerful public speaker, Mr. Bennett is known to agents the country over, and has probably addressed more insurance men than any other person.

Illinois Dram Act Leads Discussions at Regional Rally

The building owner and the tenant should have the same coverage and not divided coverage, said F. C. Read, Chicago manager Car & General, at the meeting of region 2 of the Illinois Insurance Agents Association in Aurora, while speaking on "Liquor Liability under the Illinois Dram Shop Act."

Eventually the owner and the tenant will have to be written together, so as to save two separate inspections as well as getting the complete cooperation of the tenant, he predicted. The majority of tenants now make no attempt to cooperate by reporting any possible incident that may eventually become a public liability claim or means of support claim.

The tenant's carelessness is due to the fact that he can under separate coverage throw the claim back on the building owner. This in turn will involve any party that may hold a mortgage and like items on the building. Mr. Read cited many cases where all parties connected with the building were being held in court action for one or both claims.

Many Claims in Courts

The speaker pointed out that because so many claims are still in the courts it has not been determined yet just how much the building owner is responsible and for just how much the tenant on the premises is responsible in a claim.

It is the general belief, however, that when a man visits four bars in the same night and is killed in a fight in the last one visited, his family may sue all four establishments for a means of support. "In other words," Mr. Read said, "any place or any person from whom the man has secured an intoxicating beverage can be held liable."

In answer to a question as to why members of certain liquor associations were awarded as high as 20 percent discounts on insurance rates, Mr. Read went on record as saying that he could see no reason for it and that this should be eliminated by all companies handling this type of insurance.

Rewrite and Reinstate

Harold Greenberg, chief adjuster Western Adjustment & Inspection Co., urged all agents to reinstate and rewrite their insurance at the time they settle a claim. This opens a new avenue to sell more complete coverage and to see that all the insurance needed is being carried.

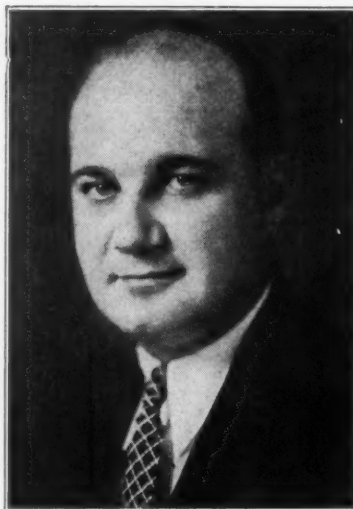
While speaking on "Sales from Losses," Mr. Greenberg touched on the use and occupancy policy and suggested a sales approach: "When trying to sell U and O to a client, don't quote the full price of the premium, but instead say it will cost so much each month."

At the luncheon conference on fire and marine, G. B. Whipple, special representative Royal-Liverpool group, Chicago, said that in Illinois, as in no other state, it is necessary to specify the secondary location in the personal property floater. He was pointing out some inland marine coverages that were applicable to agents in small towns as well as those in big towns.

E. J. Hepp, assistant secretary Springfield Fire & Marine, reviewed reporting and non-reporting forms, as well as extended coverage endorsements, while talking on fire coverage.

Other luncheon conferences heard "General Discussion," no leaders assigned; "Rural Agents Problems," A. R. Johnson, chief examiner fire department Hartford Fire, Chicago; "What's New in the Casualty Business?" Walter Jeffry, superintendent casualty department U. S. Fidelity & Guaranty, Chicago, and "Fidelity and Surety Conference," W. H. Wallace, manager bond department Hartford Accident, Chicago. A. D. Huston, professor University of Illinois, spoke on "The Salesman Speaks" at the banquet, at which D. P.

TNEC Probe Topic



RALPH H. KASTNER

R. H. Kastner of Chicago, associate general counsel of the American Life Convention, the organization of life company officials having home offices in all sections, will be the guest speaker at the annual meeting of the Western Insurance Bureau at Old Point Comfort next week. It will be remembered that it was this life organization from which snoopers from the TNEC endeavored to secure copies of letters sent by congressmen and senators in reply to communications sent them, making inquiry as to their attitude toward state supervision of insurance and federal supervision. Col. C. B. Robbins, general counsel of this organization, is former assistant Secretary of War and attended all the TNEC hearings on life insurance. The organization has been closely watching the TNEC activities. Mr. Kastner will devote his attention to some of the ins and outs of these hearings, their implications and possible bearing on insurance as a whole.

Frazier, vice-president region 2, presided, and Jerry McQuade, Peoria, was toastmaster.

Other speakers at the meeting included W. C. Eaton, superintendent underwriting department Zurich, "Products Liability," and E. A. Finn, superintendent of automobile underwriting, Hartford Accident, "Recent Changes in Automobile Liability Policies."

A film, "Risks Detector and Insurance Analysis," was shown through the courtesy of American of Newark. A true and false quiz, headed by R. D. Hodson, agency superintendent Aetna Casualty, Chicago, was won by the Rockford Board, which defeated Du Page County Board.

Pass New Jersey License Bill

TRENTON, N. J.—The New Jersey assembly has passed the measure requiring agents of domestic companies to be licensed at a fee of \$1, the same provision which has been in effect for agents of foreign companies.

Say Changes Will Be Minor

PHILADELPHIA—Fire insurance men here are speculating as to the nature of the new automobile fire, theft and collision rates prepared by the National Automobile Underwriters Association, which become effective in all states, giving approval thereto, May 27. While copies of the new manual are not yet available and will not be generally before their application date, it is understood that changes in rate levels will be relatively minor. A feature of the new manual that will commend itself to agents is the grouping of passenger cars by their advertised selling prices, rather than make.

"Filled" Ground

The conscientious builder prefers ground that has not been artificially built up or "filled" by rubbish. He looks for solid ground, whose firmness is natural. Taking a leaf from the builder's book, the Agent who wants to build a substantial career builds only on the sound foundation of a financially strong company.



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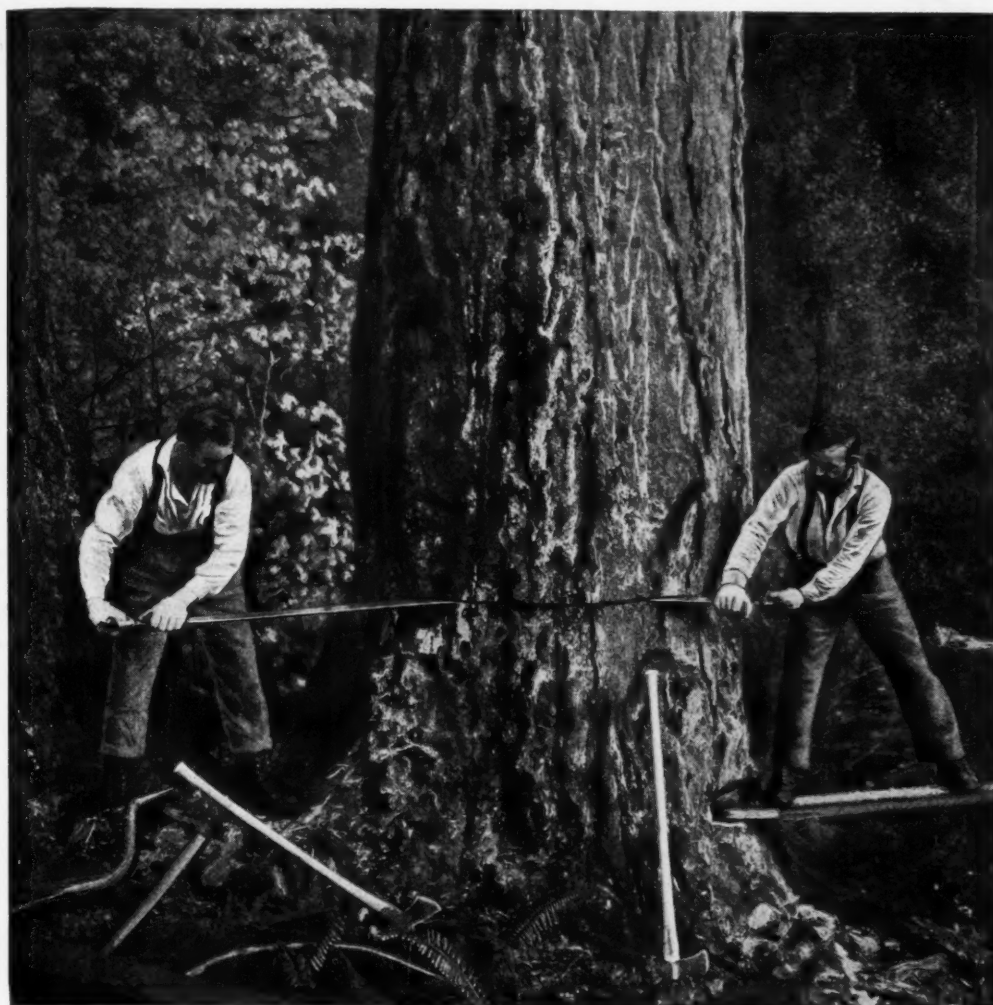
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if there's
a drag at
the other
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AS SEEN FROM CHICAGO

BERTIAUX CLOSING HIS DESK

Fred C. Bertiaux of Chicago, secretary of the Hanover Fire, who will be located at the head office at New York City after June 1, is closing his career with the branch this week. He and Mrs. Bertiaux will spend the rest of the month on a vacation visiting relatives. They will live in the Castle Hills section, which is in the vicinity of 180th street, New York City. Mr. Bertiaux has sold his residence in Streator, Ill., where he resided when he was in the field and also his summer home on the Vermillion river.

VOLLMER TO ADDRESS ENGINEERS

W. A. Vollmer, punch press safety engineer Employers Mutual of Wausau, will speak before the Casualty Engineers Association of Chicago Friday on "Punch Presses."

FRAZIER TO ASSIST SWANSON

Walter I. Frazier has been appointed assistant manager of the Insurance Exchange building, Chicago, associated with R. C. Swanson, manager. He goes from the Board of Trade building there, where he was renting manager. Mr. Frazier had many years experience with the well known building management firm of Albert H. Wetten & Co., after spending some time in the general real estate business in Chicago. He formerly was connected with the management office of the Bismarck hotel shops and Metropolitan building operated by the Wetten office, for 10 years as an employee of Wetten and for two years as an employee of the building owner. He has been in the Board of Trade post for the last three years.

FLEMING SUCCEEDS RICHARDS

Harry A. Richards, chief clerk in the head office of the Rain & Hail Bureau, Chicago, has resigned. His place has been taken by Joseph J. Fleming, who has been connected with the office for a good many years.

CHICAGO BOARD PICNIC JUNE 25

Employees of the Chicago Board will hold their annual picnic June 25 at Nippersink Lodge, northwest of Chicago. There will be a golf tournament, baseball game, horseshoe pitching and other contests. The executive staff, headed by Manager Jay S. Glidden, as usual, will attend.

EXAMINERS' OUTING IS JUNE 13

The new officers and directors of the Association of Fire Insurance Examiners of Chicago met this week and set the date of the annual golf outing as June 13 at Itasca Golf & Country Club, near Chicago. Peter Freilich of Corroon & Reynolds is chairman of the golf committee, which includes R. H. Erickson, and Dean Lightfoot, Springfield F. & M. A number of prizes will be awarded in the golf tournament. The officers and directors discussed a proposal to advance the annual "managers night" to October, instead of November, because many of the managers are away from town then. Another proposal taken up was to prepare silver certificates for the six charter members who have been active ever since the association was formed in 1914. They will be elected honorary or life members. The six are John Benz, Sun; Axel Nelson and Hjalmar Nelson, Hanover; Ross B. Whitney of Whitney & Miller, adjusters; O. P. Sachs, state agent Sun, and William Speth, America Fore.

AGREED AMOUNT SITUATION

That the so-called agreed amount clause in lieu of coinsurance for high grade sprinklered risks will be introduced in Chicago in the rather near future is taken for granted now that the question has been officially brought forward. The question of just how the plan shall be administered remains open. It is assumed that the various committees

of the Chicago Board that are now engaged upon a study of the subject will proceed upon the theory that there is to be use of the agreed amount clause and that the discussion will center upon practical application of the plan.

The majority opinion in the company ranks seems to be that the agreed amount clause shall be used only on risks insured by the Western Factory or Western Sprinkled Risk Association. There is some resistance to such a program on the part of the agents who would like to see the administration left in the hands of the superior treatment department of the Chicago Board.

FIELD CLUB HAS TWO MEETINGS

The Cook County Field Club is having a meeting for its members in the Atlantic Hotel, Chicago, Monday and the next day it is having a meeting at the Graemere Hotel for its members and for suburban agents. At the Monday luncheon, T. J. Callaghan, supervising agent United States Secret Service, will show the sound film, "Know Your Money." At the luncheon meeting with agents will be treated a number of points including mutual competition on municipal properties with W. F. Kuffel, Phoenix of Hartford, as the speaker; Business Interruption Insurance, H. R. Thiemeyer, North America; Home Owners Loan Corporation insurance changes, Wilbur Owen, insurance supervisor HOLC, and a true or false discussion.

These are the final business sessions of the season. The outing will be held June 28 at Big Run Country Club.

KERWIN 45 YEARS IN BUSINESS

R. M. Kerwin, one of the oldest active adjusters in Chicago, is entering his 45th year in the business. He started in May, 1896, with D. S. Wagner. In 1910 he took charge of the loss department in the western department of the Firemen's of Newark. After two years, he returned to his original connection, the firm then operating as Wagner & Glidden, and remained from 1912 to 1914. Mr. Kerwin had established a large following among companies and agencies and decided to enter the business as an independent adjuster. While conducting his adjusting business, he also was general adjuster of the old Marquette National of Chicago. When that company retired from business in 1927 he continued exclusively in the independent adjusting business. In 1925 his son, David S. Kerwin, became associated with the firm, it being incorporated as R. M. Kerwin & Son. The son, while familiarizing himself with the adjusting business was studying law and was admitted to the bar in 1935. He then established the law firm of Kerwin & Ruff, which specializes in insurance litigation. Both offices operate in the same location. His office now handles all types of fire, automobile, marine, aircraft and casualty investigations and adjustments. R. M. Kerwin's father, P. J., was a member of the prominent agency of James A. Miller & Co.

TENANTS COMMITTEE ENDS WORK

The special committee representing the Insurance Tenants Association of Chicago, which has been investigating questions regarding the expiration of leases in the Insurance Exchange, has made its final report, stating that it "releases members of the association from their pledges not to renew or extend leases beyond April 30, 1942."

The committee suggests that tenants, in renewing leases in the Insurance Exchange or making new leases elsewhere, have their leases expire at the same time. The committee suggests that the new leases should not run beyond April 30, 1952.

The committee points out that there are tenants under original leases in the

Exchange still paying \$1.50 a foot. Some tenants are paying, however, as high as \$3.50 a foot. No uniform rate of rental could be made for all tenants. The rates are based on space conditions.

The committee states that it has sought to secure from the Insurance Exchange the best rate of rental which the owners feel they can name. The committee states that the owners have made an honest and sincere effort to meet the problem. The rates originally named by the owners have been considerably reduced. It appears that the total income of the building on renewal of leases will be about \$166,000 below the present income.

Tenant and Lessor Decide Rate

A schedule of maximum rental rates has been filed with the Chicago Board and the lessor has pledged not to exceed the maximum figure filed for each tenant. However, the rate for renewal is solely to be determined by each tenant and the lessor. Each tenant may get from the Chicago Board the maximum filed for his office, but not for other tenants.

"It is well to bear in mind," the committee states, "that this is a renter's market and many buildings on LaSalle street or immediate vicinity are prepared to accommodate individual ten-

ants at rates as low or lower than offered by the Insurance Exchange, but no single building within the loop is capable of accommodating all of the insurance business."

McKELVEY ON BUSINESS LETTERS

L. W. McKelvey, associate professor of English and business writing of Northwestern School of commerce, spoke before the Chicago Insurance Club on "Must All Business Letters Be All Business?" Before starting to write a letter, Mr. McKelvey said it was advisable to relax and sweep your mind clear of all other problems. The writer should plan his letter, assemble all data needed, get the contents of the letter under way in first sentence, end letter with an essential fact, and, by all means, have a natural tone.

The annual all-day golf tournament June 18 of the Insurance Brokers Association of Illinois will be a stag affair and wives will not attend as was announced in the May 2 issue.

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Many a man finds himself "in the dog house" due to his own actions, or lack of action. The agent who neglects to see that his assureds have adequate and proper coverage is reserving space for himself in that well-known domicile. Play

safe—avoid this contingency, by representing a multiple line Group, writing all forms of Fire, Casualty and Inland Marine insurance. There's a definite advantage in placing your Fire and Casualty business through a single organization!



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S. D. McComb



A. R. Small

This week S. D. McComb, head of the Marine Office of America in New York City, as president of the National Fire Protection Association, is presiding over its annual meeting at Atlantic City. A. R. Small, president of the Underwriters Laboratories of Chicago, is vice-president and becomes the new president.

Form of Pledge in N. J. Is Modified

The form of agency appointment pledge that was adopted by the New Jersey Association of Underwriters at their meeting in March for submission to companies for signature has now been modified. W. F. O'Brien of Passaic, secretary of the association, has transmitted the new pledge to company executives with request that the response be made by June 1.

The original text was printed in THE NATIONAL UNDERWRITER March 14. The paragraph referring to the appointment of company employees and insurance brokers has been rewritten to read:

"No appointment shall be made of an officer or employee of an insurance company except that state agents or special agents may be appointed for the servicing of agency business; and, only when approved by joint committee on agency qualification, for the purpose of countersigning policies in connection with agency service."

The fifth paragraph has been altered so that the signatory company agrees to refrain from renewing the appointment of any agency which after the effective date of the agreement "becomes the agent of any company that does not subscribe to this pledge."

The original paragraph uses the term "represents any company that does not subscribe to this pledge."

The paragraph has been dropped entirely under which the signatory company agrees not to maintain any agency which does not meet the conditions of this pledge.

The machinery for arbitration has been changed somewhat. Agency appointments that are challenged will be reviewed by a committee of two representatives of the New Jersey Association of Underwriters, to be appointed by its executive committee, and two company representatives, designated by the interested insurer. In the event of tie the four shall select a fifth person and the decision of the majority shall be final. Under the original plan the committee was to consist of three agents and three company representatives.

Mill & Elevator Group Elects

All officers of the Mill & Elevator Conference were reelected at the annual meeting in Chicago Tuesday. M. E.

Peterson, Springfield, is president; H. W. Donnan, Hartford, vice-president; C. M. Heinze, Commercial Union, secretary, and E. H. Born, Western Underwriters Association, treasurer.

Plan Educational Meeting Series in Wisconsin Cities

MILWAUKEE—W. H. Berry, American Eagle, and George C. Peacock, Agricultural, co-chairmen of the public relations committee of the Wisconsin Fire Underwriters Association, have arranged a series of educational meetings in cooperation with the Wisconsin Association of Insurance Agents and the local boards in the various cities.

The schedule follows: May 13, Sheboygan; May 14, Green Bay; May 15, Clintonville; May 16, Fond du Lac; May 21, Wausau; May 22, Eau Claire; May 23, La Crosse.

These meetings will be small editions of the insurance school recently conducted in Milwaukee by the Wisconsin association in cooperation with the stock fire and casualty companies. The next major school will be held at Fond du Lac in connection with the annual meeting of the Wisconsin association. The dates tentatively set for Oct. 10-11 have been changed to Oct. 17-18.

Form New Milwaukee Agency

The American Pioneer Insurance Agency has been established at 712 North 6th street, Milwaukee. Herman Schwantes is president and general manager. Other incorporators are Morris Podell, attorney, and John W. Ciscel, state agent in Wisconsin and Illinois for the American Fire and American Indemnity of Galveston.

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Sidney Smith to Address Oregon Agents Convention

Sidney O. Smith, president National Association of Insurance Agents, is to be the principal speaker at the annual convention of the Oregon Insurance Agents Association to be held in Portland Aug. 5-6. G. W. Haerle, president, made the arrangements at the Wichita meeting. Other speakers expected to appear are H. P. North, Business Development Office, and Ray Murphy, assistant general manager Association of Casualty & Surety Executives. Committees on arrangements soon will be appointed.

Mark Goldy, Medford, executive chairman Oregon association, presided at an executive committee meeting held in Portland. Reports on membership and financial condition were made. Fred Reed, Portland, reported on the casualty situation in Oregon; H. H. Hollister, Portland, on the educational program sponsored by the Oregon association, of which J. K. Pratt, Eugene, is chairman; Claude Nasburg, Marshfield, chairman fire rules and rate committee, on activities of that committee.

Ward Coble, Bend, National councillor, will address the Nevada association on various insurance problems at a meet-

ing Friday in Reno. Mark Goldy will accompany him.

The recent opinion of Attorney-general Van Winkle in connection with Motors Insurance Corporation was considered by the executive committee. The Oregon association again went on record as opposed to the licensing of part-time agents and expects companies operating in Oregon to refrain from licensing such individuals even under the so-called "limited licenses" granted earlier in the year by the former commissioner.

Chesley Suffers Hiccough Spell

H. W. Chesley of Chicago, assistant manager Western Underwriters Association, was taken to St. Luke's Hospital in his city last Friday having started hiccoughing, which would not stop. The physicians have not been able to check this curious manifestation. He is kept under the influence of a sedative most of the time but immediately that wears off the hiccoughing starts. A few months ago Mr. Chesley underwent a serious operation and went south to recuperate. He returned in good shape and attended the annual meeting of his organization at White Sulphur Springs last month. Last Friday he took a laxative which at once started the hiccough.



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Will Wrightem
FIELD CORRESPONDENT

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Nourse Promises Company Aid in Educational Efforts

NEW YORK—In a letter to field representatives of the London Assurance and associated companies, analyzing 1939 financial statements, E. W. Nourse, United States manager, says the increasing emphasis on educational work by local agents throughout the country is a challenge that will not be ignored by company officials.

"The great job of creating and maintaining good will for insurance is the joint responsibility of all who earn their living in the industry," Mr. Nourse asserts. "Clerks and executives alike, whether they be connected with the distributing end of our business or with the company end, must all constitute themselves missionary committees of one if our industry-wide public relations efforts are to have any results."

Mr. Nourse terms the current widespread enthusiasm for educational programs "one of the most significant developments in the business today" and declares that "it cannot fail to dignify the name of insurance in the public mind."

Large Brokers May Be Able to Live with Va. Type Law

In seeking to apprehend how the practical operations of the business might be affected should many of the states enact counter signature requirements similar to those in Virginia, which were just recently upheld by the United States Supreme Court, the possibility is seen that the very large insurance brokerage houses in the metropolitan centers may be the gainers. Such firms might feel compelled to set up independent offices in the individual states, as separate corporations. Or course several of the large brokerage firms already have such offices in many states. They might feel it desirable to extend their operations in that direction and they would have the resources to do so.

The smaller broker who controls business throughout the country would probably suffer to a greater extent. He would not have the resources to set up corporations in other states. He might find it desirable to join forces with one of the larger brokerage houses that does have the facilities or he might be tempted to use the unlicensed or the mutual market, since salaried employees of mutual companies are permitted to countersign policies under the Virginia type of law, whereas salaried employees of stock companies are not so permitted.

Hearing on Missouri Redeposits

KANSAS CITY—What is to be done with the approximately \$8,000,000 redeposited by the fire companies into custody of the federal court here following revelations of the O'Malley-Pendergast compromise settlement will be determined by a hearing before a three-judge federal court here May 20. The money, which went to the companies as their 80 percent under the O'Malley settlement, was paid back into court custody after the court last year ordered the question of its distribution to be reopened. The court has taken no action since P. V. Barnett, special master, filed his voluminous report Jan. 24. The question is whether the court will permit its original decree, dividing the funds impounded in the case 80-20 (20 percent to policyholders) to stand or modify it.

STATE COURT TAKES ACTION

JEFFERSON CITY, MO. — The Missouri supreme court has claimed jurisdiction to hear ouster proceedings against 140 fire companies involved in the 1935 compromise settlement of the 16½ per cent fire rate litigation. Charges of bribery involving T. J. Pendergast, former Missouri political boss now in Leavenworth, and R. E. O'Malley, former insurance superintendent, are sufficient to warrant further

procedure against the insurance companies, the supreme court ruled.

The ruling was made in the proceedings filed in 1939 against the fire companies by Attorney-general McKittrick, who charged the carriers with violation of their charter rights in the Pendergast-O'Malley bribery, and that rates being charged by the companies at present are illegal because they were set up through the fraudulent compromise. McKittrick seeks the return of all of the money impounded during the period in which the 16½ litigation was taking place, and a revision of rates to pre-litigation levels.

With the court's ruling, the quo war-

ranto proceedings will be judged on their merits by the court. The procedure is to name a special commissioner to gather evidence and report findings and recommendations to the court.

Situation at Middletown, Conn.

The National Fire Protection Association engineers conferred with the Middletown, Conn., fire department following a large loss in a big industrial plant located in an independent fire district at the south of the city protected by an inadequate volunteer fire company. The city fire chief's opinion that the paid city fire department should be extended

to cover the entire city appears to the engineers to be reasonable.

Make Good on Threat to Sue

LOS ANGELES—Pierce & Sibert have now filed their threatened suit against the Pacific Board individual company members in superior court asking for total damages of \$495,000.

The suit was instituted over the loss of the Hollywood Turf Club line of insurance, which the plaintiffs had from the first and which now has been placed with Cosgrove & Co., of Los Angeles.

Read the "Accident & Health Review," Sample copy 10c. A1946 Insurance Exchange, Chicago.



Ask yourself this question

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NEWS OF FIELD MEN

Three Iowa Field Organizations Elect

DES MOINES—J. H. Buntin, state agent Fire Association, was named most loyal gander of the Iowa Blue Goose at the annual meeting here. He succeeds John W. Hull, America Fore; R. S. Ingham, Hartford, becomes supervisor; Wesley Volz, Fireman's Fund, custodian of the goslings; O. L. Hansen, Rain & Hail Insurance Bureau, guardian; E. R. Rust, Underwriters Adjusting, keeper, and R. P. Osier, Norwich Union, wielder. Mr. Osier has held that post for 15 years.

The Blue Goose took in three new members, Frank McGrath and W. G. Coggeshall, Western Adjustment, and Walter Zwinger, Western Factory. Memorial services were held for George Newman, Charles Wadsworth and Charles Paden, who died the past year.

N. P. McGovern, St. Paul Fire & Marine, was named president of the Iowa Fire Underwriters Association; F. E. Brake, Great American, vice-president, and L. K. Taylor, Commercial Union, secretary-treasurer. C. W. Borrett, Hanover, retiring secretary, was presented a hunting jacket, shotgun and case. He has been secretary ever since the association was formed.

D. L. Fischer, Fidelity & Guaranty Fire, was reelected president of the Iowa Fire Prevention Association; J. W. Lenchon, America Fore, vice-president; A. R. Goodall, New York Underwriters, secretary-treasurer, and K. L. Lilja, Hartford, assistant secretary.

Northern's Field Man Has Highest Examination Mark

A happy incident at the annual meeting of the North Carolina Association of Insurance Agents in Winston-Salem was the presentation by President Thomas O'Berry of a check for \$25 to R. B. Davis, special agent in Virginia and North Carolina for the Northern of London, in recognition of his attaining the highest average in the examination at the University of North Carolina's course in insurance May 20. No award was made to Mr. Davis at the time, President O'Berry stating provision had not been made for recognizing field men, "since it never crossed the minds of the association members that special agents could possibly attain the high marks, inasmuch as they specialize, whereas local representatives supposedly are familiar with all lines."

Of the 317 students that participated in the examination, it is gratifying to the management of the Northern to know that, in addition to Mr. Davis, others who attained high marks were F. S. Wilkinson, its agent at Rocky Mount, who scored the highest in the surety classification, and C. H. Graff, formerly an employe for several years, whose average was the highest in the casualty group.

Launch San Diego Puddle May 10

The meeting of the California Blue Goose in San Diego May 10, when the San Diego puddle will be established, will start at 4:45 p. m., and will include initiation of the 15 goslings, election of puddle officers and the regular meeting of the pond, at which V. W. McKinney, past most loyal gander, will give a special presentation, "The Birth and Prognosis of Blue Goose," with a banquet at 7 o'clock. The second day is to be devoted to golf and a luncheon at the La Jolle Country Club.

S. H. Blanchon has been appointed special agent for the Philip Richenbourg agency of Boston. He has had about 15 years experience and was recently with the Massachusetts Plate Glass.

Phoenix, Conn., Has Important Changes

HARTFORD—Phoenix of Hartford is making a number of changes in its field setup.

John Brough, inland marine special agent at Pittsburgh, and F. C. Beazley, state agent at Minneapolis, will go to San Francisco May 15.

Jack Klinkenborg, state agent at Wichita, will replace Mr. Beazley at Minneapolis. George Hampton, state agent at Topeka, who divided the Kansas field with Mr. Klinkenborg, will supervise the entire state for the present, moving his headquarters to Wichita.

Colburn Arizona State Agent

Lee E. Colburn, special agent Fidelity-Phoenix, Niagara and American Eagle of the America Fore group in the San Joaquin valley in California for 12 years, has been appointed state agent of all of the companies in the group in Arizona. He has been with America Fore since 1923, starting with the Fidelity-Phoenix as special agent in Salt Lake City. Last year he was most loyal gander of the San Francisco Blue Goose.

Mr. Colburn succeeds B. L. Udell, resigned. He will be assisted by Special Agent M. M. Rhorer, who was transferred to Arizona in 1938 from San Francisco.

C. J. Calloni succeeds Mr. Colburn in the San Joaquin valley with headquarters in Fresno. He has been on the engineering staff in the San Francisco office.

Discuss Kansas Rule Changes

WICHITA, KAN.—The Sunflower Blue Goose puddle discussed recent rule book filings of the Kansas Inspection Bureau, including revision of the lightning and electrical apparatus clause B to include a new apportionment clause; broadening of the inherent explosion clause to contemplate explosions occurring in any part of a plant; extension of the single state reporting forms A and B to permit writing single location risks, and revision of business interruption form rules to permit application to both non-manufacturing and mercantile risks.

Ohio Speakers' Group Active

D. P. Hague-Rogers, Eagle Star, will speak before the Ohio Stock Fire Insurance Speakers Association in Columbus next Monday on "Consumer Cooperatives."

Four members of the Speakers Association will address the June meeting of the Cincinnati Board on "Selling Points on Parade." They are C. R. Hartwell, Western Factory; Ray Merrill, Hartford; D. P. Hague-Rogers, Eagle-Star, and Otto Rieg, Home.

K. J. Hoag, Fireman's Fund, will address the Hamilton agents at their next meeting on "Personal Property Floaters" under the auspices of the Speakers Association.

Heart of America Dinner Dance

The Heart of America Blue Goose, Kansas City, will hold a dinner dance at Indian Hills May 20.

Moore Was Field Leader

Lytle H. Moore of Kansas City, Mo., manager of the Travelers Fire and Charter Oak Fire, who died April 29, was one of the well known field men of his section. He was for 15 years with the Citizens Bank of Galena, Kan. He left that work in 1920 to go with the Home as special agent. Six years later he went with the Travelers Fire as state agent in Kansas. In 1934 his territory was enlarged to include western Missouri.

Funeral services were held for Mr.

Moore the afternoon of May 1, Dr. S. W. McKelvey officiating. A number of field men and local agents were present to pay their respects.

Dallas Agents Trounce Field Men

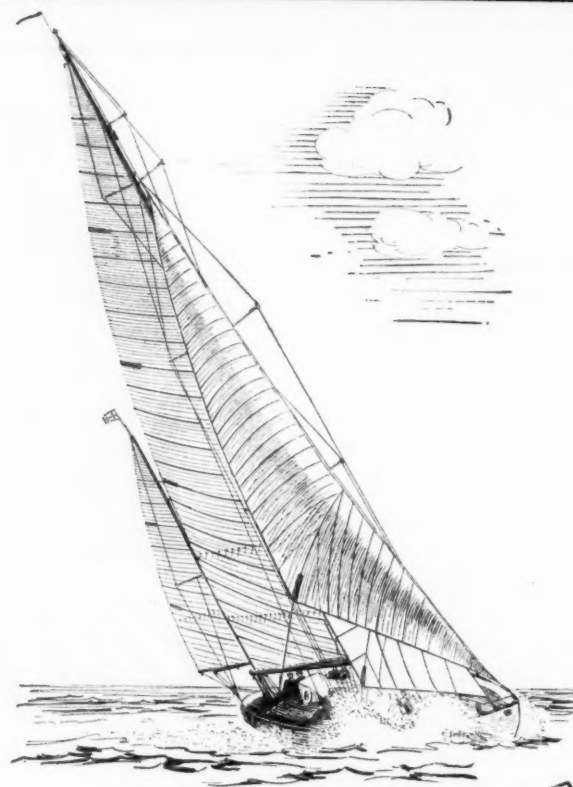
DALLAS—About 200 attended the dinner following the annual golf tournament of the Texas Blue Goose and Dallas local agents. There was a delegation as well from Fort Worth including D. G. Foreman, executive secretary Texas Association of Insurance Agents; Tom Gillis, former president of the Texas as-

sociation, and A. F. Evans, president of the Fort Worth Exchange.

F. J. Bray was master of ceremonies and announced the golf winners. Speakers included William McCraw, former attorney-general of Texas, and Andrew Patton, district attorney of Dallas county.

The golf contest between local agents and company men was won by the agents. Presentation of the George W. Jalonick cup was made by George W. Jalonick, III. The medalist was Eddie Conner and the runnerup B. T. Harrison.

Jack Redmond, golf professional rep-



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ALL CLASSES OF
OCEAN AND INLAND MARINE INSURANCE

representing Wilson's Golf Equipment, gave some interesting exhibitions.

Smoke & Cinder Club Dinner Dance

The Smoke & Cinder Club of Pittsburgh will hold a ladies day dinner dance at the Highland Country Club May 25. J. G. Junior, Fire Association, heads the committee in charge. A. M. Eckert, Commercial Union Assurance Company, and Thomas J. Beagan, London Assurance Company, complete the committee.

Hughes with the American

C. K. Hughes has been appointed special agent of the American of Newark group in Oklahoma to assist State Agent R. W. Kendall with offices in the Insurance building, Oklahoma City. He has had five years local agency experience and more recently was associated with the American Agency Co. in Oklahoma.

Brower Made State Agent

H. E. Whitchurch of Sioux Falls, S. D., state agent of the American of Newark group, died Friday night. He was regarded as one of the very competent field men of the state. Special Agent J. A. Brower, who has been associated with State Agent Whitchurch, will take over South Dakota supervision.

Mr. Whitchurch was 63 years old. He died at a hospital in Sioux Falls after an illness of about four months. He had spent three months in Florida, but returned to Sioux Falls about three weeks ago. Mr. Whitchurch had lived in Sioux Falls for 20 years. He was born in Chicago.

North Dakota Field Activities

The North Dakota Fire Underwriters Association and North Dakota Fire Prevention Association will hold their annual meetings at Alexandria, Minn., June 28-29 in connection with the Blue Goose outing.

Fargo members of Dakota Blue Goose were hosts at a dinner complimenting the Blue Goose ladies. About 50 were present. The Blue Goose ladies held the last of a series of bridge luncheons in Fargo. Mrs. R. F. Thompson was chairman.

Big Fresno Ceremonial May 24-25

The annual ceremonial and barbecue of the Fresno puddle of the San Francisco Blue Goose, which will be attended by a large delegation from the California pond in Los Angeles, is set for May 24-25. The ceremonial and banquet will be held the night of May 24 and the barbecue in the foothills of the Sierra Nevada mountains starts early Saturday morning.

The San Francisco pond's annual golf tournament and dinner dance will be held at Sequoyah County Club in Alameda county, June 1.

Joint Splash in New Orleans

The Louisiana Blue Goose and Mississippi Blue Goose will hold a joint annual splash in New Orleans June 8. In the past these meetings have been on the gulf coast, but this year the Louisiana pond persuaded the Mississippi ganders to go to New Orleans. Jules E. Simoneaux, New Orleans, is Louisiana's most loyal gander, and J. L. Ross, Jackson, heads the Mississippi pond. Norman Calloway is chairman of the New Orleans committee.

Pearl-American Appointments

Paul D. Cousineau, who has been with the Ohio Inspection Bureau at Dayton four years, has joined the Cleveland office of the Pearl-American fleet as engineer for territory tributary to that city.

Clifford A. Roche has been appointed special agent in the New York suburban

field for the Pearl. He is a graduate of the headquarters of the company in New York, with which he has been connected for several years, recently in the brokerage department.

Ohio Field Men Hear Selling Points Skit

COLUMBUS, O.—A new skit, "Selling Points on Parade," produced by the Stock Company Speakers Association, was a feature of the joint meeting of the Ohio field clubs, the cast consisting of C. R. Hartwell, Western Factory; R. N. Merrill, Hartford Fire; D. P. Hague-Rogers, Eagle Star, and O. F. Rieg, Home of New York. H. P. Winter, America Fore, chairman educational committee, presided, the actors being introduced by T. J. Ocsek, Underwriters Service.

F. J. Sipp, Hartford Fire, Cleveland; T. J. Beagham, London Assurance, Pittsburgh, and E. G. Evenden, chief engineer North America, Cleveland, were admitted to membership at a meeting of the Ohio Fire Underwriters Association. P. F. Baughman, North America, president, is observing his 20th anniversary in the business.

B. R. Howard, Firemen's group, Toledo, was elected president of the Ohio Association of Fire Underwriters at its annual meeting. Other officers are, F. N. Guck, Firemen's, Columbus, vice-president, and J. E. Best, Ohio Farmers, Columbus, secretary. Mr. Howard was previously vice-president and Mr. Guck secretary.

Lawrence Shoemaker, Firemen's, Toledo, and R. A. Eliassen, Firemen's, Cleveland were elected members.

Following the business meeting, the group met jointly with the Ohio Fire Underwriters Association.

The annual fieldmen's outing will be held July 9-10 at Cedar Point, O.

Ohio Blue Goose in Its Annual Conclave Pays Tribute to W. J. Gilsdorf

By GEORGE E. WOHLGEMUTH

COLUMBUS, O.—Following an established custom, officers of the Ohio Blue Goose were moved up a notch at the annual meeting, P. F. Brown, Hanover, becoming most loyal gander succeeding T. O. Dye, Connecticut Fire; F. C. Wolf, New York Underwriters, supervisor; W. W. Waters, Ohio Farmers, custodian, and A. S. Snow, Camden, guardian. E. F. Gallagher, Inspection

Bureau, was elected keeper, being the newcomer among the officers. H. F. Albershardt, welder, was reelected.

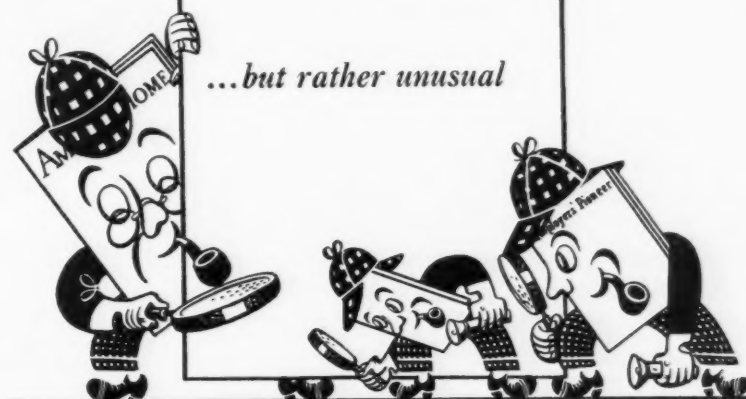
A membership growth from 398 to 407, excluding 12 candidates initiated at the meeting, was reported for the year by Mr. Albershardt, who also disclosed that the pond was in a healthy financial condition. New members initiated at the meeting were F. B. Foster, E. G. Jones, and C. W. Field, North British & Mercantile; R. J. Kennington, Gulf; B. G. Anderson and E. R. Swanson, Ohio Inspection Bureau; C. W. Rockefeller and A. W. Hites, Standard of New York, and P. C. Evans, Western Adjustment; Harry Ellison, independent adjuster; Lawrence Shoemaker, Firemen's group, and W. A. Maloy, Glens Falls, all of Toledo.

Growth in Membership

A. C. Guy, Western Adjustment, past most loyal gander and recently appointed deputy most loyal grand gander awarded life membership certificates to W. H. McGervey, Xenia; R. W. Hukill, Great American; B. T. Duffey, Royal-Liverpool groups; F. W. Sparrow, Columbus, formerly with Western Adjustment; Freeman Wilson, Port Clinton, formerly with Rhode Island; W. B. Goodwin, Hartford, formerly with Aetha Fire; Edward Meagher, Toledo agent and H. J. Favorite, Tripp

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City, formerly with Reliable Fire, and 25 year membership pins to R. S. Tidrick, Springfield F. & M., and D. C. Morgan, State, Pa.

Mr. Dye and Mr. Brown were appointed delegates to the grand nest meeting in Philadelphia, while J. F. Lisy, Jr., Home, and F. J. Weber, Firemen's group, were chosen alternates.

Mr. Tidrick and E. A. Reid, London Assurance, were appointed to fill vacancies in the scholarship fund committee.

Mr. Hukill gave the charge to the candidates. Mr. Reid reported for the nominating committee. Installation of officers was in the hands of A. C. Guy. The pond's annual outing will be held June 4 in Columbus.

W. J. Gilsdorf Honored

The pond's annual dinner took the form of a testimonial to W. J. Gilsdorf, executive state agent North America, who has been transferred to the home office. More than 200 attended, one of the largest gatherings for such a function in the history of the Ohio pond, tangible evidence of the esteem in which Mr. Gilsdorf is held by the Ohio field. B. T. Duffey, Royal-Liverpool group, Cleveland, was toastmaster.

Tributes were paid by W. J. Baker, chief engineer North America, Philadelphia, who welcomed him to his new work; V. L. Montgomery, assistant manager western department North America, Chicago; P. F. Baughman, North America, Dunkirk, president Ohio Fire Underwriters Association, who received his early training under Mr. Gilsdorf; G. S. Valentine, Jr., Ohio Farmers, Columbus, president Ohio Association of Fire Underwriters; P. F. Brown, Hanover, Columbus, most loyal gander Ohio pond; R. W. Hukill, Great American, Norwood, past most loyal grand gander of the Blue Goose; T. J. Macklin and C. D. Wikoff, prominent Columbus local agents, and H. H. Chittenden, state agent Home of New York, a life-long friend who started in the business with Mr. Gilsdorf with the Kentucky Inspection Bureau. Mr. Chittenden presented Mr. Gilsdorf with the gift of the pond in miniature, several pieces of household furnishings.

N. W. Gilsdorf, Marine Office of America, Cleveland, one of Mr. Gilsdorf's three sons, wished his father happiness for the family.

Among those taking bows were J. A. Lloyd, Ohio superintendent of insurance, P. F. Conley, superintendent Aetna brokerage department, Chicago, and Walter Gilsdorf, another of Mr. Gilsdorf's sons.

Mr. Gilsdorf said that he regretted leaving Ohio because it was perhaps the most diversified state in the nation and served as a laboratory for training younger men in the business. He stated that he was grateful to Ohio agents who had the good sense to puncture the imaginary balloons of false theories and insufficiently considered plans. The new men, he added, taught him more than he gave them. Education, he continued, was a matter of personal experience, and he merely pointed the way to them in achieving their aims.

Canton, O., Inspected

The Ohio Fire Prevention Association held a town inspection at Canton there being in attendance 75 field men assisted by inspectors from the state fire marshal's office and Canton firemen. There were 888 buildings inspected, 702 found defective and 2,467 recommendations made. Addresses to school children were made by Harry K. Rogers and J. B. Taylor, Western Actuarial Bureau at Chicago. R. J. Harney, American, H. M. Huntsberger, Great American, and Rolf Rosenlund talked to the children. Two groups of firemen were addressed by Mr. Rogers and C. H. Rogenkamp, Security, secretary of the prevention association. A joint luncheon of business clubs was held sponsored by the chamber of commerce. Talks were made by Mr. Rogers, Mr. Taylor, State Fire Marshal Gill, First

Assistant State Fire Marshal W. F. Bucklew; Geo. Jacob, Canton fire chief, and Assistant Fire Chief Rosche.

NEWS BRIEFS

At its monthly meeting in Denver the Mountain Field Club heard reports on the inspection and agency advisory meeting at Grand Junction.

The Oregon Blue Goose will be addressed by E. P. Slovarp, Norwegian consular officer in charge of the Portland office, on the present crisis in Norway on May 13. District Manager Swanson of the Federal Bureau of Investigation will speak May 27.

R. B. Sherman, state agent Northern Assurance, Columbus, is bereaved by the death of his father, Prof. C. E. Sherman, on the faculty of Ohio State University many years.

Members of the Connecticut Field Club who make their headquarters in Springfield, Mass., were hosts to the Field Club, with golf in the afternoon and dinner in the evening.

Governor Martin of Washington will address the Seattle Blue Goose early in June.

Town inspections in the middle west scheduled in the near future include Springfield, Tenn., May 21; Bismarck, N. D., May 14-15, and Benton, Ill., May 16, with J. Burr Taylor, Western Actuarial Bureau, as the speaker.

The Wichita Blue Goose Auxiliary held its annual meeting May 8. Mrs. Hugh Coldwell was in charge of arrangements. The auxiliary is holding a picnic-outing May 15 at the lake cabin of Mrs. Carl Bailey north of Wichita.

COMPANIES

Holton Becomes President of Minneapolis F. & M.

MINNEAPOLIS—George W. Holton, vice-president of the Phoenix of Hartford and affiliated companies, has been elected president of the Minneapolis Fire & Marine, which is affiliated with the Phoenix group, to succeed the late Walter C. Leach. He will continue to make his home in Hartford. C. M. Case, president Atlantic Elevator Co., Minneapolis, was elected vice-president of the Minneapolis F. & M., and H. D. Campbell, who has been cashier, was made assistant secretary.

Mr. Holton is a native of Iowa and, as a schoolboy, spent odd hours in a local agency office at Clinton, Ia. His first employment in the insurance business was in 1895 in the local agency office of Brennan, Love & Co. at Omaha. In 1900 he was appointed by the Germania Fire as state agent for Iowa. In 1907 he entered the service of the Phoenix of Hartford as state agent in Iowa. He was transferred in 1923 to a field comprising eastern Pennsylvania, southern New Jersey and Delaware. In 1926 he was elected an assistant secretary, in 1929 a secretary, and in 1936 a vice-president and secretary of the Phoenix group.

O. G. Colwell Is Elected President of Preferred Fire

O. G. Colwell, secretary-treasurer of Preferred Fire of Topeka, has been elected president to succeed the late Clyde W. Miller. L. B. Burt remains as vice-president and director of agencies. Mr. Colwell is a brother of Mrs. Clyde Miller and has been with the company 15 years or more, previously being with the Miller-Studebaker General Agency of Topeka.

Marie Scheafor Lake has been elected to succeed Mr. Colwell as secretary-treasurer.

General's 17th Birthday

The General of Seattle celebrated its 17th anniversary May 1. President H.

K. Dent said premium writings thus far this year show a gain of more than 8 percent over 1939.

Dickey, Hill Elected Directors

NEW YORK—C. D. Dickey and R. C. Hill have been elected directors of the Church Properties Fire, to fill the vacancies caused by the recent deaths of R. S. Brewster and Col. G. W. Burleigh.

Mr. Dickey is a vice-president of J. P. Morgan & Co. Mr. Hill is president of the Consolidation Coal Co. and a director of Equitable Society.

Duck Renamed Salvage Head

C. C. Duck, manager of the insurance department of the Spann Company, was reelected president of the Indianapolis Salvage Corps at the annual meeting; G. R. Pritchett, American, N. J., reelected vice-president; D. D. Fitzgerald, Commercial Union, treasurer, and E. H. Forry, Union Trust Company, secretary. The directors include these officers and H. G. Meek, London Assurance, and Richard Lieber, consultant United States National Park Service. W. E. Mallahan, general manager National Board, also was reelected a director.

Fred Gould Was the Contributor

In reporting the forum discussions at the Wichita meeting of the National Association of Insurance Agents, one of the contributors was erroneously identified as C. P. Gould of New Orleans, president of the Louisiana Association of Insurance Agents. The man who made the comments that were quoted is Fred A. Gould of Arkansas City, former president of the Kansas Association of Insurance Agents. Fred Gould related an interesting conversation that he had had with a representative of mutual companies.

Pendergast to Be Freed May 30

KANSAS CITY — T. J. Pendergast, former political boss of Missouri, who figured in the Missouri fire rate case settlement through R. E. O'Malley, former Missouri superintendent, is to be freed from Leavenworth May 30 on federal court parole. His parole will prevent him from engaging in politics for several years.

Success plays no favorites. It scatters its gifts as impartially among those who seldom know triumph as it does among the fortunates who are more accustomed, more in the habit of winning.



SHIPS THAT HAVE MADE History

The stocky, sturdy little "Roosevelt" was used by Commander Robert E. Peary in his expeditions to the North Pole. On its first trip in 1906, even though the rudder post was wrenched and torn, the rudder hanging by a thread, heavy timbers cut away for fuel and with two or three feet of water in her hold, she made the return trip across Baffin Bay to Sydney. Two years later she sailed again and this time reached her destination, 450 miles from the Pole, farther north than any ship had ever steamed, where she anchored for the winter.

The ability to anticipate trouble before it arose and then to successfully over-

come it, required expert knowledge, careful planning and years of experience on the part of Commander Peary and his men. The same holds true in marine insurance. Being a complicated and highly specialized type of insurance, subject to ever changing conditions, it requires expert knowledge and years of experience also. That is why Appleton & Cox, Inc. have been outstanding in the marine insurance field since 1872.

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Baltimore Loss Conditions Are Being Investigated

Engineers of the National Fire Protection Association, investigating a fire on which a large loss was reported in Baltimore, conferred with fire department officials. This and other large fires, they claim, are due to the congested areas and weak structural conditions. Installation of automatic sprinklers to offset these conditions is seriously retarded by an unreasonable requirement of the local water department for a meter assembly on fire lines which includes a costly street vault, the engineers declare. The fires also show that extensive training of the fire department, particularly for large scale fire fighting operations, and more extensive use of the high pressure fire main system, appear desirable. The new fire incendiary bureau, established on recommendation of the N. F. P. A. has been doing good work in suppressing arson and in keeping more adequate records of fires.

W. E. Fitch Celebrates

SAN ANTONIO, TEX.—W. E. Fitch, president of the San Antonio Insurance Exchange, May 1, observed his 25th anniversary in insurance. He severed his ties with the railroad business, buying the W. K. Ewing Insurance Agency. At that time he was district passenger agent for the Missouri Pacific, having spent 23 years with railroads in Mexico and Texas. The first company to plant with the agency under the new firm name of W. E. Fitch & Co. was the Commonwealth. C. J. Williams, Dallas, Texas general agent, presented a hand painted certificate of appreciation from the Commonwealth on the occasion of the anniversary.

The agency of which Mr. Fitch is president is now known as the Fitch, Chadwick & Co. Insurance Agency, T. B. Chadwick, now deceased, having joined the agency several years ago.

Mrs. Chadwick is still associated with the agency.

In 1927, W. E. Fitch, who specialized in university courses fitting him for the insurance business and after receiving his degree from the University of Texas, spent a year in the home offices of the National Surety of New York, Phoenix Indemnity, and the American of Newark, joined his father in the agency.

Await Missouri Decision

The Missouri department has not yet handed down a decision following the hearing that was conducted April 30 in the matter of the suspension of license of the Rhode Island. The license was suspended because the Rhode Island had issued a policy through Bonito & Co. and Cravens, Dargan & Fox in San Francisco for the National Retail Owned Grocers, Inc., whose insurance plans have become an issue. The Rhode Island canceled its policy nationwide despite the fact that Cravens, Dargan & Fox contended that it was legally perfect.

COMPLAINT IN NEBRASKA

LINCOLN, NEB.—John S. Logan, attorney for the insurance department, has an investigator in Omaha looking into complaints from agents there that clients belonging to the national organization of retail grocers have been canceling and placing their business with brokers. Mr. Logan said the department is concerned only to discover if any violations of law are involved. If evidence is procured showing that by this method grocer members are being favored by lower rates or if at the end of the year a part of the premium paid is returned in the form of a rebate, prosecutions would follow, he said.

Discuss Alabama School

MONTGOMERY, ALA.—L. P. McCord of Jacksonville, Fla., former president Florida Local Agents Association,

dean of the Florida association insurance school, and chairman of the National association educational committee, met Wednesday evening of this week with the officers and executive committee of the Alabama Association of Insurance Agents, presidents of local boards in the state, some leading agents from different sections, in order to discuss the organization and setting up of a short course school in Alabama. Mr. McCord's address before the Alabama Association of Insurance Agents dealt largely with the proposed Alabama school.

NEW YORK

SMITH TO HEAD N. Y. BOARD

H. V. Smith, president of Home, is the nominee for president of the New York Board of Fire Underwriters succeeding John W. Nichols, local secretary of Queen. The annual meeting is being held May 13. J. W. Russell is nominated for vice-president, E. C. Niver for secretary-treasurer; R. F. Wright for assistant secretary; W. C. Howe, for assistant treasurer.

EDUCATIONAL PROJECT PLANS

In keeping with the decision reached at the mid-year meeting of the National Association of Insurance Agents at Wichita, Kan., the administration is whipping into shape the suggestions for an educational course for agents, to equip them better for serving their companies and assureds. A number of admirable ideas have been submitted and are being carefully studied in an effort to outline a course sufficiently comprehensive, and yet not too cumbersome for assimilation by the men on the firing line.

As soon as a program has been outlined, the next step will be to engage a competent director. A number of names

have already been submitted, but it will be some time before a choice is made. The mid-year gathering in 1941 will be held about the middle of April at a point to be determined later. Invitations have been received from a number of cities, and the advantages and disadvantages of each from a convention viewpoint will be weighed critically.

SUBURBAN FIELD CLUB ELECTS

The Suburban New York Field Club has elected J. B. McMillan, Providence Washington, president.

M. W. Harrison, well known publisher of that city, will be guest speaker at the dinner of the **New York City Blue Goose** at the Hotel Governor Clinton, May 15, and will analyze the economic policies of the federal government.

C. L. Krum a Speaker

At the monthly meeting of the Ohio Association of Casualty and Surety Managers in Columbus, C. L. Krum of Cleveland, associate manager Aetna Casualty & Surety, led a discussion of "Current Casualty Problems." It was decided to hold the annual Walpurgis Party at the Brookside Country Club near Columbus on June 21.

At a meeting of the **Women's Insurance League** of New Hampshire in Claremont, Judge A. D. Leahy talked on the "Layman's View of Insurance."

The Moxley Co., **Montclair, N. J.**, has changed its name to **Moxley-Kerr, Inc.**

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We are running this ad. full page in the current issue of "Credit and Financial Management," the official magazine of the National Association of Credit Men.

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Write to R. A. Colliton, Director, Credit Interchange Bureau Dept., P. O. Box 1398, Central Station, St. Louis, Mo. **Do it now: the matter will come up for decision about May 18th.**

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EDITORIAL COMMENT

Many Lessons in Harold Junker's Study

The exhibit that was prepared by Harold Junker, vice-president of the Crum & Forster organization, and that was published in the May 2 edition of *THE NATIONAL UNDERWRITER*, is one that deserves much study and reflection. Mr. Junker has set down some salient aggregate figures of stock fire companies for each of the past 18 years. This supports in most telling fashion many important facts about the trend of the business that are apparent from common observation. It provides most substantial proof.

Mr. Junker has pointed out many significant lessons and relationships that are indicated by the table.

Behind the cold figures is a story of painful but constructive adjustment to new conditions and also the story of how the industry has helped to bring about those conditions which have forced the adjustment.

One of the most surprising discov-

eries in the table is that both the loss ratio and the average rate have declined from 1921 exactly 34 percent, an identical curve. Another graphic point that Mr. Junker makes is that if the same amount of liability had been assumed in 1938 at the average rate for 1929, the premiums in the earlier year would have been \$155,000,000 less than was actually paid for the same amount of insurance.

This is a magnificent story, as Mr. Junker observed. It is the net result of thousands of rate reductions throughout the country year by year in recognition of the facts of the day, facts that existed in no small measure because of the fire prevention and protection activities of the stock companies. The business can look back upon the record that it has made throughout these years with the utmost satisfaction and without apology.

Buying Precision Instruments

F. W. HUNTMAN of the United States hydrographic office in Chicago, the other evening in a lecture on the compass made an observation that will appeal to insurance men as constituting a telling insurance analogy. Mr. Huntman advised his listeners to buy compasses from "old, reliable" manufacturers because those makers over the years have discovered and corrected one fault after another. Since the com-

pass is a precision instrument, he said, the navigator can't afford to take a chance on anything less than the best.

Insurance, too, may be thought of as a "precision instrument." The buyer should be interested in learning that his insurer is one that has through experience discovered and corrected faults and offers a precision instrument upon which the assured may rely at all times when crisis arises.

Forthrightness in Business

IN business operations and association there is no factor that is more important than fidelity, which means uprightness and a square deal to one's fellows. Temporary business success is achieved at times through cutting corners, through sharp tactics, through what

might be termed clever tricks and yet when we look over the history of insurance companies, executives and local agents, in fact, anyone in the business, it is apparent that those that are trying to do the right thing and are conscientious build a more solid foundation.

Training Ground for Young Men

A NUMBER of years ago it was a rather common practice in home and department offices of companies to have at least some young men stenographers. In this way they had an excellent opportunity by being secretaries to department heads or executives to learn much about the business. There is probably no greater training school than this. In these days of unemployment it might be well for young men to consider this path

of entry into the business. A college graduate could well afford to take a secretarial course in a business college, because then he would have something definite to offer when he sought a position.

Not long ago a concern in a large city desired to get a young man stenographer. It had a definite purpose in that it desired to obtain the services of a young man who would utilize this posi-

tion as a stepping stone to higher responsibilities in this institution. It canvassed the business colleges and found that there were no young men taking stenographic courses. They seemed to look upon this work as effeminate and passed it by.

There are thousands of young men today seeking work. In our opinion, if they took secretarial and stenographic courses in a business college they would stand a much better chance of securing

work than they do now. In some concerns men stenographers have developed into excellent salesmen. Others have used the information and experience they have gathered for executive work in offices.

The suggestion here offered is one that we feel is an excellent one and employers might well let it be known that they will put young men to work who have this particular background and training to recommend them.

PERSONAL SIDE OF THE BUSINESS

F. R. Bigelow, chairman of the St. Paul Fire & Marine, will preside May 17 at the formal installation of Dr. C. J. Turck as president of Macalester College, St. Paul. Mr. Bigelow is chairman of the trustees of the college.

Few in the insurance fraternity, it is fair to assume, follow developments in the European war more closely than do O. H. Carlsson, United States manager of the Pearl Assurance, and H. F. Ellen, United States manager of the York-shire. Both saw active service with the British forces in the world war. As members of the signal corps each participated in the Gallipoli campaign just 25 years ago. The butchery of that action may be inferred when it is stated that of the 18,000 men that began the attack upon the Turkish defenses on a Sunday morning, but 7,000 effectives remained by the following Wednesday.

J. G. Updegraff of Topeka, state agent for Royal, on June 1 will complete 30 years in the service of Royal, Queen and Newark.

Arthur Grigg, one of the leading local agents in Galveston, and for five years president of the Galveston Insurance Board, is a candidate for county commissioner there. He has been in the insurance business in his city 39 years.

Rev. Raymond A. Wegmann, one of the 11 sons of John X. Wegmann, president Lafayette Fire, will be ordained to the priesthood in New Orleans May 15 by Archbishop Rummel.

David Nunes Carvalho, II, the youngest son of B. N. Carvalho, president of Northeastern of Hartford, is being married May 25 to Vera Annette, daughter of Mr. and Mrs. Halsey Raymond Philbrick. The ceremony is to take place at Asylum Hill Congregational Church, Hartford.

H. C. Davis, assistant secretary New York Underwriters, made a swing through the northwest on his way home from the National Association of Insurance Agents' meeting at Wichita. He conferred with company representatives in Minnesota and Wisconsin.

R. C. Hosmer, president of the Excelsior of Syracuse, has been elected vice-president of the Syracuse Rotary Club. He has been chairman of the program committee the past two years.

Mrs. Montgomery Clark of Bronxville, N. Y., widow of the late president of the Hanover Fire, and her daughter Lenore are in Shanghai, China, and will visit other points there. C. V. Starr, head of the American International Underwriters, has large interests in Shanghai

and the Clarks accompanied him to China. The Hanover is a member of the American International Underwriters and Mr. Starr and Mr. Clark were close personal friends.

C. F. Liscomb, past president of the National Association of Insurance Agents, has been named on the reception committee which will greet and entertain governors of a score of states who will hold a conference in Duluth June 2-5.

Commissioner Frank Yetka of Minnesota, who has been at St. Joseph's hospital, St. Paul, the past two weeks, is considerably improved but will remain at the hospital the rest of this week. He then plans to rest at his lake home near St. Paul for a time.

Ray Decker, Pacific coast manager of the Royal-Liverpool group, entertained Sir James Reid Kay and Lady Kay of Calcutta, India. Sir James was formerly chairman of the local board of the Royal at Calcutta and prior to retirement was a member of the firm of James Finlay & Co., Ltd., in that city. They are en route to England by way of Canada.

James P. Fellows, special agent of the Fireman's Fund group in northern Illinois, was stricken with appendicitis while visiting friends on the south side of Chicago. He was rushed by car to Passavant Hospital where it was found his condition was acute and he was operated on. Mr. Fellows is recuperating satisfactorily at the hospital in room 315.

DEATHS

H. A. Stearns, 67, for more than 20 years a partner in the Stearns-Locke Insurance Agency at Kalamazoo, Mich., died Sunday in a convalescent home at Richland. He had been in ill health for a number of weeks.

Mrs. Sarah E. W. Teamer, who died at Malvern, Pa., the other day at the age of 88, was the mother of Homer W. Teamer, secretary of the Insurance Federation of Pennsylvania.

Funeral services for Dan Posey, Kansas representative of the Eberle & Co., general agency of Oklahoma City, who was struck by an automobile and instantly killed in Ottawa, Kan., were held in Wichita with W. E. Eberle and others of the staff in attendance. Mr. Posey had only recently joined Eberle & Co., previously having operated the Mid-Central general agency of Topeka and earlier having traveled for the Na-



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tional Mutual Casualty of Tulsa. For some time he was with the insurance division of the Kansas corporation commission at Topeka.

W. S. Ames, 78, president of Eastern Shore of Virginia Fire of Keller, Va., died of a heart attack at his home at Pungoteague, Va. He had been a director of the company since its organization in 1906 and had been president since 1916. He was active in other business and civic activities on the eastern shore as well.

J. H. C. Baumann, 82, Milwaukee local agent for 40 years, died after an illness of four years. Associated with him in the Baumann Agency was his daughter, Edna T. Baumann.

George W. Swan, secretary of the Special Agents Association of Pacific Northwest, and a former well known field man, died at his home in Seattle following a few weeks illness. For about 25 years he covered the Idaho and Washington territory for the Commercial Union group, until his retirement from active business a few years ago.

Jesse Jansen, 42, for 19 years a member of the underwriting staff of the Pacific department of the Fire Association, died in San Francisco following an operation. He had been in charge of underwriting for non-recording agents and out-of-city brokers.

W. J. Ciscel, 64, for more than 40 years engaged in the insurance business, died suddenly in Milwaukee from a heart attack. He was for many years state agent of the Queen, but in recent years had been a broker and recently had become identified with the new American Pioneer Insurance Agency. A son, John W. Ciscel, is state agent of the American Fire and American Indemnity.

W. M. Sherman, head of the Sherman & Folkey agency, Deposit, N. Y., died there. The agency was established in 1856.

E. H. Wiegner, local agent at Columbus Junction, Ia., for many years, died from a heart attack. His son, E. H. Wiegner, Jr., will operate the agency temporarily.

J. Y. Bagby, 75, Wichita local agent since 1913, died suddenly from a stroke. Mr. and Mrs. Bagby had celebrated their golden wedding anniversary March 17.

Plans for Insurance Women's Denver Meeting Announced

DENVER—The program for the national convention of insurance women, to be held at the Cosmopolitan Hotel here June 21-23, will offer a variety of educational and entertainment features. The Insurance Women of Denver have invited delegates from 31 clubs to meet here for the purpose of forming a new national association.

Friday morning will be devoted to registration. Following a luncheon, a business meeting will be held Friday afternoon. A second business session will be held following a buffet supper Friday evening. Saturday morning will be given over to sightseeing, with a third business session Saturday afternoon. The banquet will be held Saturday night. Delegates will spend the entire day Sunday in the mountains. Speakers will be announced later.

The question of whether life insurance women should be included in the new national association will be decided at the convention. Since interests of the life women are entirely different from those of the fire and casualty girls, two separate branches will have to be formed if it is decided to include life employees, it was announced.

Watters in New Law Firm

NEW YORK—The firm of Watters, Cowen & Baldrige has opened an office at 116 John street, for the practice of insurance law. Thomas Watters, senior member, has been known in insurance circles for years and has an extensive practice.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. La Salle St., Chicago, at close of business May 6, 1940.

	Par	Div.	Bid	Asked
Aetna Cas.	10	5.00*	124	127
Aetna Fire	10	1.80*	51 1/2	53 1/2
Aetna Life	10	1.40*	32	33 1/2
Agricultural	25	3.25*	75	80
Amer. Alliance ..	10	1.20*	22	23 1/2
Amer. Equitable ..	5	1.00	19 1/2	21
Amer. Home	10	...	13 1/2	14 1/2
Amer. (N. Y.) ...	2.50	...	50	52
Amer. Surety	25	2.50	7 1/2	7 3/4
Automobile	10	1.40*	35	37
Balt. Amer.	2.50	.40*
Bankers & Ship. ..	25	5.00	100	103
Boston	100	21.00	615	630
Camden Fire	5	1.00	20	21 1/2
Carolina	10	1.30	30	31 1/2
Contl. Cas.	5	1.20*	34	36
Contl. N. Y.	5.50	1.00*	48	49
Fidelity-Phen. ...	2.50	2.00*	39 1/2	41
Fire Assn.	10	2.50*	68	70
Firemen's (N.J.) ..	5	.40	9 1/2	10 1/2
Franklin Fire ...	5	1.40*	29	31
Gen. Reinsur.	5	2.00	42	44
Georgia Home. ...	10	1.20*	26 1/2	28 1/2
Glens Falls.	5	1.60	41	44
Globe & Repub. ...	5	.50	10 1/2	11 1/2
Gt. Amer. Fire. ...	5	1.20*	26 1/2	28
Gt. Amer. Ind.	1	.20	11	13
Halifax	10	1.00*	13	15
Hanover Fire.	10	1.20	25	26
Hartford Fire ...	10	2.50*	85	87
Hartford S. Boil. ..	10	1.60	58	62
Home Fire Sec. ...	10	...	1 1/2	...
Home (N. Y.) ...	5	1.60*	32	33 1/2
Home Indem.	3	...	15	...
Ins. Co. of N. A. ...	10	2.50*	72	74
Maryland Cas. ...	1	...	2	2 1/2
Mass. Bonding. ...	12.50	...	66	68
Mer. (N. Y.) Com. ...	5	1.00*	48	50
Natl. Cas.	10	1.00	28	30
Natl. Fire	10	2.00	58	60
Natl. Liberty	2	.40*	7 3/4	8 1/4
New Am. Cas.	2	.75	17	18
New Hampshire ...	10	1.80*	48	50
Northern (N.Y.) ...	12.50	5.00*	100	103
North River.	2.50	1.00	24 1/2	25 1/2
N. W. Natl.	25	5.00	125	130
Ohio Cas.	5	1.00	40	42
Phoenix, Conn. ...	10	3.00*	83	85
Preferred Accl. ...	5	1.00	15 1/2	16 1/2
Prov. Wash.	10	1.40*	35 1/2	36 1/2
St. Paul F. & M. ...	62.50	8.00	245	250
Security, Conn. ...	10	1.40	34	36
Sprgld. F. & M. ...	25	4.75*	117	120
Travelers	100	16.00	460	475
U. S. Fire.	4	2.00	50	52
U. S. F. G.	2	1.00	21 1/2	22 1/2

*Includes extra. **Canadian funds.

Camden Launches Striking Campaign

Camden Fire has now put in the hands of leading agents the details of its direct mail sales program to be used in connection with the 100th anniversary campaign. The material has been placed in the hands of leading agents in the hope that they will follow through and that their results will serve as a test of the effectiveness of the program. Next year the program will be presented to all of the agents together with a compilation of the results achieved by the leaders, whose efforts will be recognized on the 100th anniversary, March 12, 1941.

Agents were advised, in using the plan, to get a list of real prospects, not just names; to make the mailings on schedule and in proper sequence, to conduct prompt follow up calls and to provide adequate selling and service.

There are five attention arresting mailings. The first is captioned "I Follow the Fire Engines." This is a message from adjusters, suggesting that property owners make an annual check of their coverage, pointing out that after the damage is done there is nothing the adjuster can do but settle the claim on the basis of the existing contracts.

The second piece is captioned, "Kitty Checks Up." This is a message from a kitten who observes that "contentment is a wonderful thing."

The third mailing is entitled, "Claim 261,855," which is the actual story of a fire and the adjustment of the claim.

The next mailing piece is entitled, "Check Your Oil, Water and Insurance." This is a humorous treatment of the need for regular checkup service by an insurance adviser.

The final mailing piece is a well arranged household inventory and survey of personal insurance.

G. B. Merchant has become office manager and underwriter of the S. J. Ginsburg agency in Boston. He has been with E. A. Lord & Co. 10 years.

Agent's Commission Legitimate Expense, McCormack Asserts

NASHVILLE, TENN.—The expense item in insurance costs representing the agent's compensation is a perfectly legitimate one, and is well worth all it costs the insured, Commissioner McCormack of Tennessee asserted at the annual meeting here of the Tennessee Association of Mutual Insurance Agents. "There has been too much discussion of the net costs of all types of insurance by breaking down the actual losses paid and disregarding legitimate expense items," he said. "I am not a great deal impressed with the theory that insurance should be sold at a rate that covers only actual losses. I am a good Democrat but not a Socialist."

"The premium should cover a sufficient amount to compensate the local agent for the time and study he has given to the needs of the policyholder, and this service, when properly rendered by an intelligent agent, is worth value received. The intelligent agent will sell the right type of contract at the lowest possible premium cost and yet is enabled to earn a commission or compensation that enables him to become a profitable customer of the local merchant, farmer or other community producer, all buyers of the insurance that the agent sells."

"I do not believe in hiding in any way the legitimate expense item of carrying on a legitimate insurance business. There is no factor to prove by logical

argument that it is a waste. As a matter of fact, there are many practical arguments that this expenditure is an economy. For example, I refer you to the steam boiler explosion policy, which is a good example." In that connection he told how American insurance companies, through inspection service and engineering investigation, made possible present day boiler insurance and at a reasonable price.

"I do think and believe," he continued, "that the direct writing of insurance business is contrary to public policy and that it is detrimental to the policyholder."

"There has been a somewhat modified theory between the direct writing companies and the companies operating on the full and complete plan of the American agency system, in which the original solicitation is made on the American agency system but where the business is owned by the company, without any contractual rights due the agent."

"If any agent desires to work under this system, or if any policyholder desires to purchase insurance under that system, that is their individual right. However, if the interest and trained ability of the agent is not to be maintained during the entire policy contract, we get back to the first point of our discussion, and that is that the policyholder is best served who receives during the entire period of his contract the trained services of an honest agent in the writing of the business."

Blanks Committee Meeting

NEW YORK — The committee on blanks of the National Association of Insurance Commissioners went into session at the Hotel Commodore here Saturday, continuing through Wednesday.



It is well to remember that you as an insurance agent often deal indirectly with a bouncing boy such as this one. It is you who must think of his interests as well as those of the policyholder and thus shoulder the responsibility of maintaining humanized insurance as a representative of capital stock companies.

Glens Falls
INSURANCE COMPANY
Glens Falls, N. Y.

COMMERCE
INSURANCE COMPANY
of Glens Falls, New York

Standard
Protection
Company Insurance

Glens Falls
INDEMNITY COMPANY
of Glens Falls, New York

Respond to Quiz Idea at A. M. A. Rally

(CONTINUED FROM PAGE 3)

cluding it, when P. D. Betterley, Worcester, Mass., insurance consultant, and session chairman, asked for a show of hands.

The session's technical adviser, G. T. Crisp, vice-president American Mutual Liability, explained how the exclusions in the present liability policy were added as new and special risks like elevators and automobiles were developed and it was felt desirable to distinguish between assured having these risks and those who did not, even though it might have been wiser to include these risks rather than excluding them.

Real Attitude of Buyers

The question among the companies, Mr. Crisp said, is just what kind of all-risk public liability the public really wants to buy. He doubted that buyers would be quite so enthusiastic about all-risk when they got the year-end audit showing the risks to which they had been exposed and the full amount of premium they would have to pay. A cause for concern, he said, is that reports about the profitability of liability insurance may lead companies to carry to extremes that broadening of coverage, resulting in their being burnt and tightening up to where they were in 1933-34.

Some of those attending expressed the fear that if automobile were included in all-risk public liability the present statistical basis of automobile rate-making would be lost in the pressure of unwise competition, although it was pointed out that there is no reason why the companies cannot keep their present scientific rating systems, since the rate would be found for each item of exposure and the premium would be the over all rate plus whatever would be charged for the unknown hazards covered.

PRODUCTS LIABILITY

Whether products liability should be bought to cover express warranties was discussed at length. Will a patent medicine do what its maker claims for it? Where does a dealer stand if an automobile he has sold is not as represented by the manufacturer? This is the type of warranty that a broadened version of products liability would cover. The usual products liability policy covers no contracts, oral or written, made by the insured.

Asked whether a sidetrack endorsement should be attached to a public liability or a compensation policy, Mr. Crisp explained that it should go on the liability policy, since if a switch engine injured an employee of the insured the compensation carrier would pay the claim, take subrogation against the railroad company, which would fall back on its hold-harmless agreement with the insured, who would be protected by the endorsement on his public liability policy.

Lloyds Boosts Its Rates

London Lloyds charges more than it formerly did for insurance against excess retrospective workmen's compensation premiums, one buyer brought out, the rate being 15 to 18 percent since Lloyds has begun to feel the losses on business written a couple of years ago. Mr. Betterley observed that for any coverage taken out in a foreign company the insured should be sure that claims are payable in United States money and that suit can be brought in the United States.

The old and troublesome question of which state's compensation law applies when a traveling salesman is injured came up. Someone drew a laugh by suggesting it was the state paying the highest award. Another question which aroused interest was the case of a restaurant proprietor who carried products liability and whose business was impaired by customers' fearing to eat at his restaurant. Mr. Crisp observed that

since products liability covers only bodily injury and property damage, any extras in the way of consequential damage would have to be added by endorsement at an extra charge.

He commended the progress in standardization of policies already accomplished in the automobile field through cooperation of the National Bureau of Casualty & Surety Underwriters and the American Mutual Alliance and expressed the hope that conferences now going on about products liability would bring about greater ease in buyers' minds.

HOLD HARMLESS ISSUE

There were quite a few liability questions at the general question and answer session which opened the meeting and which supplied a springboard for more detailed discussion at the afternoon meetings. One question on liability was, how effective have efforts to abolish promiscuous hold harmless clauses been? Mr. Crisp said there hasn't been much change except that contractors are not so often asked to be responsible for the principal's negligence. There has been some improvement in the manufacturing field and fewer demands for hold harmless clauses in sales risks.

Another question was on a company's liability in connection with sports activities of employees. Mr. Crisp said, first as to liability toward employees, courts have held that if such activity arises out of the course of employment it comes under compensation, the employment question usually turning on whether the employer received anything from the activity, such as advertising value. If employment is not involved, compensation policies can be endorsed to provide an amount equivalent to compensation payments.

As to the spectator liability, Mr. Crisp said that if the participants were just a group of company employees there would be no liability on the company, but if they were wearing company uniforms and playing on the company grounds, the company would be liable and should be insured.

Social Security Question

Since J. J. Corson, director bureau of old-age and survivors insurance Social Security Board, could be present only at the opening session, questions on social security were brought out at that time. Asked about so-called "John Doe" accounts, he said that only .77 percent of those on whom a 1937 tax was paid are not yet properly identified and that the figure for 1938 is only .58 percent. The board has had 500,000 claims so far and not one has been refused. Since it is always possible to match the claimant with one of the "John Doe" files, Mr. Corson was asked about the board's attitude on keeping on older employees to make them eligible for social security benefits. He said the board has no objection so long as the employment is genuine but that there may be inquiries if there is reason for doubt. He denied that the board has been exerting any effort to get employers to reemploy men who lack a few calendar quarters to qualify for social security retirement. Amendments are being considered, he said, which would extend old age and survivor benefits to agricultural, domestic and self-employed workers; include disability protection; and, in a bill now before congress, extend the act to non-profit organizations such as churches and community chests, this measure now having these organizations' support.

John C. Brodsky, secretary Fidelity & Casualty, was asked more questions than anyone else in the morning session. Like most of the other members of the morning panel of experts, he acted as technical adviser at the bonding session in

the afternoon. One query was on the bonding company's liability where the employee at fault took no money but faked the books to show fictitious profits, knowing that the firm would shut up shop if the true status were known. Mr. Brodsky said it would depend on the circumstances, that is, the extent to which the false profits caused the management to go ahead and let itself in for losses that would not have occurred if the firm had closed.

Another bonding question dealt with a salesman having authority to make collections, who turned crooked, offered his customers a 10 percent for advance payment of their bills, and absconded. The question was whether the bonding company would be liable for the full amount lost or the full amount less the discount. Since the employee had broad powers of collection, Mr. Brodsky said the bonding company would be liable for the full amount.

Cashing Checks for Salesman

However, in the case of a salesman who got his firm's customers to cash worthless checks for him and then skipped, Mr. Brodsky thought the bonding company would not be liable, since the customer had been extending credit to the salesman, as an individual. If the customer had had credit insurance that would have covered the loss, he said. One of those present suggested that the loss could have been covered by a fraud bond.

Disappearance of money, covered under a bankers blanket bond but not under a commercial blanket bond, frequently turns out to have been due to someone not an employee and hence not covered by a bond, Mr. Brodsky said. Some employers, he said, are loathe to cooperate with the prosecution but nevertheless there is a duty to see that the defaulter is not let off or he may turn up somewhere else and try to get away with his thefts again.

Mr. Brodsky said that since bankers blanket bond form No. 2 has been modified to make it comparable with the more comprehensive Form 8 Revised, it might have been expected that there would be quite a swing to Form 2. There has been much interest in Form 2, he said, but it is interesting to note that a number of bankers like the broader scope of Form 8 Revised and appreciate it enough to keep it rather than switching to Form 2.

FIRE INSURANCE

A possible tieup of use and occupancy insurance with penalties under unemployment compensation taxes, or separate coverage against this hazard, was a prominent feature of the fire insurance question session, presided over by L. H. Wiggers, Cincinnati, insurance and real estate manager Procter & Gamble Co. P. J. Kennedy, New York agent, who was on the morning panel, acted as technical adviser, and a number of fire insurance company and rating bureau executives took part in the discussions.

Payroll Cover Not Popular

It was quickly evident that buyers of insurance are concerned over these penalties. While every state varies, in the majority of cases there is some form of payroll tax increase for a concern which has been compelled to discharge so many employees as to constitute a drain on the state unemployment compensation fund. A fire which causes a firm to suspend business for a material length of time could bring this about and it was felt that this is an insurable hazard. It was pointed out that the average American manufacturer or merchant is willing to take his chances if he can compete with others on an equal basis, but a firm saddled with a tax four to seven times as great as that paid by competitors would be operating at a serious disadvantage. In many states this tax increase would take years of steady employment records to remove.

Special coverage has been arranged in some cases, comments revealed, and the unanimous attitude of insurance men

was that the insurance business could and would provide protection if the buyers wanted it. It was brought out that ordinary payroll coverage under the use and occupancy policy will prevent this by providing pay for the employees, if it is carried for a period equal to the shutdown, but few firms wish to carry a heavy amount of this expensive insurance. Only a small fraction of manufacturing assured carry ordinary payroll coverage. Once taxes are increased, there is no coverage under the use and occupancy form, because it ceases to cover as soon as the premises are restored to operating conditions. A special policy, protecting the assured against an increase in unemployment taxes because of fire or other insured hazard, was favored by the majority of insurance men and insurance buyers. It was recognized that variations in state laws and individual situations will probably require careful treatment of each case, but some form of protection seemed very probable.

The question was raised whether escape of molten metal, with heat damage to property, would be covered under the standard fire policy, assuming that no other property actually caught on fire. It was brought out that a suit involving molten glass was withdrawn after the parties were convinced that this was not a hostile fire and that a number of glass firms now have their policies endorsed to cover bursting of molten glass tanks specifically.

Aspects of Mortgage Clause

In a discussion of the mortgage clause, the opinion was expressed that the mortgagee violates his coverage if he learns of a change of title or interest and does not report it to the company. On the other hand, it was felt that no notice is necessary in case of renewal or increase of the mortgage.

Other subjects discussed were the advisability of insuring foundations, the effect of deferred production in a use and occupancy settlement, insurance on valuable papers and inspection procedure for a self-insured risk. There was considerable interest in collapse insurance and it was indicated that some companies have experimented with this insurance and written it in some cases.

D. F. Reese, vice-president Hartford Steam Boiler, technical adviser at the boiler and machinery session and member of the experts panel in the morning session, cited the bad experience on new high-pressure boilers as evidence against the theory that rates should give special credit for better than average maintenance and inspection by the insured. Though these high-pressure installations have the very best in design, manufacture and maintenance, they have given much trouble, not in injury or damage, but mainly through small leaks, necessitating shutdowns and consequent U. & O. losses.

Expediting Expense

One question was whether expediting expense in repairs would be covered. Mr. Reese said it would be, up to the amount the loss would have been if the work had not been expedited, but that if there were another machine capable of carrying the load, so that a shutdown were unnecessary expediting expense would not be paid unless it were specially purchased.

Asked the difference between maintenance and repairs resulting from an accident, Mr. Reese said that an accident, to be covered, must manifest itself at the time of its occurrence. Any accident not serious enough to do so and found later on inspection is deemed maintenance. Buyers showed considerable interest in getting a more comprehensive form of boiler insurance.

LIGHTER SIDE

As usual, the crowd at the convention of the insurance division of the American Management Association arrived early at Atlantic City. A number of attendants were on hand Saturday for the golf links or the boardwalk and by

MARINE INSURANCE NEWS

Sunday evening the majority were in evidence around the Traymore Hotel, headquarters and the stopping place of the majority. A few early risers arrived by automobile Monday morning from New York and adjacent points.

Sumner Rhoades, manager, and David Hinckley, Eastern Underwriters Association, both from New York, were on hand and took part in the fire insurance question and answer session.

The National Association of Insurance Agents was represented by W. Owen Wilson, Richmond, Va., past president, and J. B. Miller, New York, assistant secretary.

Weather was nearly perfect and the delegates enjoyed a preview of summer, which was particularly pleasant after the ugly winter and spring weather everyone reported. No venturesome soul tried to swim, but the boardwalk and beaches were comfortably filled.

Among the company executives from New York were E. M. Allen, vice-president, and A. L. Carr, resident vice-president National Surety, and A. E. Peterson, president Service Fire.

H. L. Grider, Chicago, manager Western Factory Insurance Association, contributed to the fire insurance symposium.

E. W. Sawyer, New York, attorney National Bureau of Casualty & Surety Underwriters, was not on the program, but he was inevitably drawn into any discussion of liability insurance. One of the most difficult questions at the Monday morning session was unofficially credited to "The Judge." He enjoys unquestioned regard from anyone interested in casualty insurance.

Name J. H. Speed as Texas Bureau President

DALLAS—J. H. Speed, Royal-Liverpool, was elected president of the Texas Inspection Bureau at the annual meeting. W. L. Moore, Fireman's Fund, is vice-president; M. B. Elbert, Phoenix of Hartford, is secretary. The executive committee includes the officers and M. G. Jarreau, Great American, and E. R. Smith, Home.

The governing committee includes the members of the executive committee and W. E. Bonner, Commercial Union; A. S. Briggs, North British; C. G. Dempsey, Springfield F. & M.; C. M. Hunt, American; Frank O. Long, Glens Falls; J. F. Nowlin, National; J. O. Smith, Trezevant & Cochran; C. A. Woolford, Jr., Hartford Fire; C. J. Wykoff, Aetna Fire; S. F. Yancey, T. A. Manning & Sons.

Paul Mannos Now Located

BOSTON—Paul Mannos, president of the defunct Canton Mutual Liability, who has been sought unsuccessfully by a special legislative commission inquiring into defunct casualty companies in Massachusetts for the past four months, has been located and will appear before the commission this week according to Chairman A. L. Goodwin. Commissioner Harrington also announces that Mannos will appear before him for questioning on Friday.

Mannos will be asked to explain the management of Canton and its sole agency, the Beacon, which closed its doors insolvent after doing a million and a half of automobile liability insurance business during 1937 and 1938.

Ralston with Newberry Agency

Colin Ralston, who for the last year has been an independent broker in Rockford, Ill., and previous to that spent 22 years with the western department of the Security of Connecticut as an underwriter and automobile man, is now with the Newberry agency there. Charles L. Newberry, who founded the agency in 1920, died last March.

May Change Kansas Date

Tentative dates of Oct 9-10 announced for the annual meeting of the Kansas Association of Insurance Agents at Hutchinson will probably be changed to avoid conflict with Fire Prevention Week.

Hunter Brown Is Head of Inland Marine Committee

NEW YORK—In recognition of the growing interest of agents in inland marine, President Smith of the National Association of insurance agents has appointed a special inland marine committee, with Hunter Brown of Pensacola, president Florida association, as chairman; his associates are E. B. Dunning, Duluth; G. W. Haerle, Portland, Ore.; Gerald Henderson, Boston; A. S. Keys, Springfield, Ill.; and E. R. Ledbetter, Oklahoma City.

Bonito & Co. Reopens in Chicago: Gaskill in Charge

Alan H. Bonito & Co. of New York, inland marine agency which formerly for a number of years operated a branch office in Chicago, has opened a western department there in A-804 Insurance Exchange building, with Thomas E. Gaskill in executive charge. Mr. Gaskill is vice-president of Bonito & Co., in charge of agency production. He will be permanently stationed in Chicago. For several years before the Bonito & Co. branch was closed at Chicago in 1938, he was in charge there.

John F. Langhoff has been appointed special agent in the western department. The department has jurisdiction over 22 states in the central west and has full facilities for handling all inland marine lines, including yachts, river hulls and river cargo. All the underwriting, policy issuance, surveying and adjustment of claims will be handled in Chicago for the territory covered.

Mr. Gaskill formerly for 18 years was connected with the Automobile of Hartford as special agent in Chicago, Cleveland and Philadelphia, then was manager in Newark before joining Bonito & Co. Mr. Langhoff formerly was connected with Bonito & Co. in the Chicago office and since then has been with the National of Hartford in Chicago in an underwriting capacity.

Marine Rates Are Advanced

NEW YORK—Appreciating the implications to be drawn by the order of the British government that its merchant vessels avoid the Mediterranean, using instead the longer route around Cape Horn in sailings to the far east, marine underwriters here sharply advanced their rates for coverage through the threatened area as of May 3; following the action of London underwriters. While underwriters here do not as a rule follow the London carriers in rating procedure, they appreciate that the latter, being closer to sources of war information than the Americans, usually have sound reason for whatever action they take these days.

Further changes were made effective Wednesday, in recognition of the increasing tension in near east and the far east. At the same time it was announced American underwriters are basing premiums on cargoes to Great Britain on the official rate of \$4.02 instead of the free market figure of \$3.78.

Foyle Succeeds Barthelmes

J. C. Foyle has been appointed manager marine department National Union Fire. He has been with the company for a number of years. He succeeds A. W. Barthelmes, who resigned as marine secretary of National Union Fire to go with North British & Mercantile inland marine department at the head office.

Bankhardt, Tanger End Circuit

F. S. Bankhardt, head of the marine department at the home office, and Ralph Tanger, head of the newly created western marine department of Security of New Haven in Chicago, returned from a trip during which they visited all of the middle western field

men of Security. Mr. Tanger is now installed in his office in the Insurance Exchange building, Chicago, but the department will not actually commence to operate until June 1.

Mather and Wagle Advanced

James Mather has been appointed assistant marine manager and Lawrence Wagle, adjuster of claims in the Phoenix Assurance-Norwich Union marine branch of which W. C. Spelman is manager. Mr. Mather entered the business in 1905 in the office of F. Herrmann & Co. in New York. Union Marine was one of Mr. Herrmann's companies and at the time of the war that company made other arrangements because Mr. Herrmann was a German. Mr. Mather remained with Union Marine and the affiliated companies.

Mr. Wagle entered the Herrmann office more than 30 years ago and remained with Union Marine when it left that office. Most of his work has been in the claims department.

Mr. Spelman is U. S. manager of Union Marine & General, Phoenix Assurance and Norwich Union, and is marine manager of Columbia of New York.

Holloway Transferred to Dallas

C. E. Holloway, marine special agent Fireman's Fund, Pittsburgh, has been transferred to Dallas, from which point he will supervise the marine business in Louisiana and Texas. He will be in the office of W. L. Moore, fire special agent.

After graduating from the United States naval academy, Mr. Holloway entered the Atlantic marine department Fireman's Fund, New York, in 1933, subsequently supervising the New England states division from Boston and Hartford. After four years service in

New England, Mr. Holloway was transferred to Pittsburgh.

Fete Skipper of Mormacsea

Capt. W. A. McHale, skipper of the Mormacsea, who brought safely to the United States a shipment of gold despite the fact that his vessel was in the fjord at Trondheim, Norway, the day the Germans seized that port, was feted at a luncheon in New York by the marine insurance underwriters. He was presented with an inscribed gold watch by Frank B. Zeller in behalf of the group. "It is thanks to your resourceful conduct and good judgment," Mr. Zeller declared, "that the gold is here in our vaults and not in possession of the Nazis or in Davy Jones' locker."

Baltimore Group Hears Menner

L. B. Menner of Millers National Chicago office addressed the Binder Club of Baltimore on "Inland Marine Insurance."

D. E. Chilcote Joins

Ploeser, Watts of St. Louis

ST. LOUIS—Election of Donald E. Chilcote, formerly secretary and western department manager of Corroon & Reynolds, as vice-president of Ploeser, Watts & Company and president of Marine Underwriters Corporation was announced here. Marine Underwriters operates exclusively in the general agency field in Missouri, Kansas, Oklahoma, Arkansas and Illinois for fire, marine, automobile and casualty. Ploeser, Watts & Company is a local agency with offices in the Landreth building.

The Insurance Women's Association of Portland, Ore., will elect officers May 15. At the annual banquet and reception May 25 the group will be host to representatives from the Tacoma and Seattle associations.

Alan H. Bonito & Co., Inc. MARINE MANAGERS

Announce

the opening of their

Western Department

effective May 15, 1940.

All Underwriting and Claims will be handled through this office covering 22 states in the middle west and southwest.

Alan H. Bonito & Co., Inc. MARINE MANAGERS

Thos. E. Gaskill, Vice-Pres. John F. Langhoff, Special Agent

A-804 Insurance
Exchange Bldg.

CHICAGO

Harrison 4492

EMPLOYERS REINSURANCE CORPORATION

HOWARD FLAGG, President

REINSURANCE OF
CASUALTY • FIDELITY • SURETY

HOME OFFICE
KANSAS CITY, MISSOURI

BRANCH OFFICES
NEW YORK • CHICAGO • LOS ANGELES • SAN FRANCISCO

The NATIONAL UNDERWRITER

May 9, 1940

CASUALTY AND SURETY SECTION

Page Nineteen

Stock-Mutual Battle Rages Over N. Y. Compensation Plan

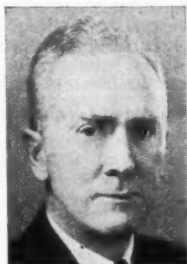
Bureau Seeks High-Low Change and Graduated Rate Approval

NEW YORK—After conducting a spirited hearing with the mutual spokesmen pitted against the stock companies and their brokers and agents, Superintendent Pink has scheduled a public hearing Friday on proposals of the National Bureau of Casualty & Surety Underwriters to modify the compensation retrospective rating plan in New York, to cut by 13.6 percent the premiums above \$5,000 and to restore the 17½ percent total acquisition on premiums of less than \$5,000.

William Leslie, general manager, and C. J. Haugh, actuary of the National Bureau, explained the proposals and championed them against the onslaught of the mutual spokesmen, including A. V. Gruhn, general manager of the American Mutual Alliance; John L. Train, president Utica Mutual, and H. W. Yount, vice-president of Liberty Mutual.

The hearing was originally scheduled for consideration exclusively of the proposed modification of the retrospective rating plan, but it was later extended to include discussion of a proposal by the actuarial committee of the Compensation Insurance Board of New York on

(CONTINUED ON PAGE 20)



WILLIAM LESLIE



A. V. GRUHN

National Accident & Health Association Program Out

"Accident and Health Insurance Looks Forward" is the central theme around which the program for the annual meeting of the National Accident & Health Association at the Deshler-Wallick hotel, Columbus, O., June 5-7, has been built. Every effort is being exerted to make this the largest gathering of accident and health men ever held.

C. A. Sholl, president Globe Casualty of Columbus and head of the Ohio Accident & Health Association, is general chairman of the convention committees and W. B. Cornett, superintendent of agents Loyal Protective Life, Columbus, president of the National association, is primarily responsible for the preparation of the program, which follows:

Wednesday Afternoon, June 5

Scioto Country Club, golf tournament, 2 p. m. (Other games for those who do not care for golf.)
Bridge party for ladies at club house, 2 to 5 p. m.

Dinner and party at club in evening (ladies included).

Thursday Morning, June 6

Opening session, E. H. Ferguson, Great Northern Life, Chicago, first vice-president National association, presiding.

Welcome, Floyd Green, mayor of Columbus.

Greetings, A. D. Hall, president Columbus association.

President's message, W. B. Cornett.

"The Agency System—a Vital Link in the Public Acceptance of Our Business," C. W. Young, president Monarch Life.

"Value of Cooperation," Mansur B. Oakes, Taylor Publishing Company.

"Human Being Insurance" as a Career," V. J. Skutt, home office counsel Mutual Benefit Health & Accident.

Luncheon, executive committee and past presidents.

Thursday Afternoon, June 6

Clyde E. Dalrymple, Preferred Accident, Milwaukee, second vice-president National association, presiding.

"Relationship Between Home Office and Field," John M. Powell, president Loyal Protective Life.

"Advertising—Then What?" F. B. Alldredge, superintendent accident and health department Occidental Life.

"The Why and How of Hoodoo Day," F. G. Packwood, Massachusetts Bonding, Kansas City.

"The Way Is Charted," C. F. Harroll, manager Inter-Ocean Casualty, Dayton.

"Merchandising Accident and Sickness Insurance," Joseph M. Gantz, general agent Pacific Mutual Life, Cincinnati.

Executive session and election of officers.

Friday Morning, June 7

Breakfast meeting and election of officers Ohio Accident & Health Association.

Morning session, 9:30 a. m.

R. B. Coffman, Pacific Mutual Life, Cleveland, first vice-president Ohio Accident & Health Association, presiding.

"Public Relations," W. T. Grant, president Business Men's Assurance.

"Building Personal Prestige," A. M. Holtzman, manager Mutual Benefit Health & Accident, Rochester, N. Y., and past president National Association.

"The Standard Provisions," R. H. MacKinnon, manager Massachusetts Bonding, Detroit.

"Why Life Insurance Men Should Sell Accident and Health," W. Edwin White, vice-president Continental Assurance, Chicago.

Address, John A. Lloyd, superintendent of insurance of Ohio.

Luncheon.
"The Economics of Accident and Health Insurance," Dr. S. S. Huebner, Wharton School of Commerce & Finance, Philadelphia.

Friday Afternoon, June 7

Walter M. Ivey, general agent Monarch Life, Pittsburgh, presiding.

"Good Will Through Claim Service," Thomas F. Hickey, superintendent of claims accident and health department Metropolitan Life, New York.

"Time Control," George L. Dyer, Jr., Columbian National Life, St. Louis, third vice-president National association.

"Motivation—Why? When? How?" C. F. Lundquist, Fred S. James & Co., vice-president Chicago association.

"Profitable Prospecting," Dwight Mead, general agent Pacific Mutual Life, Seattle, past president National association.

Playlet: "Uncle Ben Comes to Town."

Presented by the Cincinnati Accident & Health Association with following cast: W. R. Dignan, sales manager W. E. Lord Company; C. L. Gurney, manager Mutual Benefit Health & Accident; J. A. Eggers, manager Inter-Ocean Casualty; E. Y. Lininger, manager Continental Casualty; J. W. Scherr, Jr., agency assistant Inter-Ocean Casualty; J. T. Maloney, The National Underwriter.

"Proper Mental Attitude," Russell S. Moore, assistant superintendent of agencies Midland Mutual Life, Columbus.

Friday Evening, June 7

Banquet (informal).

Claris Adams, president Ohio State Life, toastmaster. Introduction National, state and local officers.

Guest speaker, A. B. Chandler, United States Senator from Kentucky.

Thursday evening June 6, will be left open for individual company and agency meetings. Saturday, June 8, is also being reserved for this purpose.

There will be a tea and style show for the ladies Thursday afternoon. Ladies are also invited to attend the banquet Friday evening.

The committees request that reservations be placed early through Convention Headquarters, National Accident & Health Association, 908 Ohio State Savings building, Columbus, O., both for delegates and those accompanying them.

Hotel room rates are \$3 up, single; double, \$5 up. Early reservations naturally will have preference.

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Haines Again Heads Casualty & Surety Executives Body

New Journal Published by the Association Is Distributed at Meeting

NEW YORK—J. M. Haines and J. W. Randall were reelected president and vice-president respectively of the Association of Casualty & Surety Executives at the annual meeting Tuesday. Mr. Haines is United States manager of the London Guarantee & Accident. Mr. Randall is vice-president of the Travelers. C. W. Fairchild was reelected general manager.

Six companies whose membership on the executive committee expired were reelected, viz., Fidelity & Casualty, General Accident, Globe Indemnity, Indemnity of North America, Massachusetts Bonding and National Surety.

Three Term Officials

Mr. Haines and Mr. Randall were elected to their association offices in 1938 and were reelected last year. It was Mr. Haines' desire to retire this year, with Mr. Randall succeeding him as a matter of precedent. Heavy new duties, however, intervened to make it impossible for Mr. Randall to accept the additional responsibilities of the association presidency.

Heads of departments made oral statements of their activities. Ray Murphy, assistant general manager in charge of public and agency relations reported first. He was followed by H. J. Drake, counsel, Barent Ten Eyck, general solicitor of the Claims Bureau; J. H. Harvey, managing director National Conservation Bureau; R. F. Proctor, manager surety department; J. D. Dorsett, manager casualty department, and H. M. Starling, manager Washington office.

Mr. Haines spoke about the program of the association and Mr. Fairchild discussed outstanding features of the previous year's activities. The meeting concluded with authorization to the president to appoint standing committees.

New Publication Issued

A feature of the meeting was distribution of the first issue of the "Casualty & Surety Journal," the new publication of the association. It is devoted exclusively to reading matter of interest to agents and brokers. It accepts no advertising and is not in competition with the independent insurance press. Notable among the authors of articles in the first issue are Superintendent L. H. Pink of New York; Mr. Haines, Mr.

(CONTINUED ON PAGE 27)

luncheon, which also will be open to the public.

Following Mr. Collins' talk, the federation will hold its annual meeting and election.

Arrange Actuaries' Program

NEW YORK—The program for the spring meeting of the Casualty Actuarial Society May 17, in addition to the address by President F. S. Perryman, includes the presentation of new papers and discussion of those submitted at the meeting last November. Later an informal discussion will be had upon automobile rating plans.

Collins Minn. Federation Speaker

MINNEAPOLIS—Tom Collins, assistant to the publisher of the Kansas City "Journal," will address the luncheon meeting of the Insurance Federation of Minnesota at the Nicollet hotel, June 11. All those attending the annual meeting of the Health & Accident Underwriters Conference will be invited to the

Tells Necessity of Federal Ban on Roaming Outfits

Congressman Hobbs of Alabama Deals with Practice of Mail Order Firms

NEW YORK—The insurance business had a friendly warning from Congressman Sam Hobbs of Alabama, author of several pending bills affecting insurance, to help put unauthorized companies out of business or expect early federal regulation.

He was the principal speaker at the annual dinner of the Association of Casualty & Surety Executives. Listeners were principal executives of casualty and surety companies, leaders in the life and fire fields, and representatives of producers organizations.

Unauthorized Companies

Mr. Hobbs made it clear that by "unauthorized companies" he meant those that are organized on a financial shoe-string, are unable to stand inspection by state insurance departments, write all of their policies among people of the lowest income brackets, never pay a claim, and skip from state to state just fast enough to keep ahead of state prosecution.

In 1935 he introduced a bill in the House making it unlawful for any person, firm, association or corporation, unless expressly excepted, to use the mails to solicit insurance or collect or transmit premiums in any state until they have complied with the insurance laws of the state. By thus denying the use of the mails, companies not authorized by state law to do business would be forced to quit.

Should Support the Measure

The established insurance companies which regularly submit to the inspection of state departments and other regulatory measures were told by Congressman Hobbs that they should support his bill. He declared that such legislation would inure to the benefit of the authorized companies as well as the public by removing from operation all so-called companies or groups whose practices reflect discredit on the whole insurance business.

Congressman Hobbs said that these unauthorized companies are particularly active among Negroes and foreign-born groups who are easily deceived by fancy-looking policies and fictitious financial reports that are dangled before their eyes. It costs little to print gold embroidered policies, he said, and a financial report can be made to look impressive by merely transferring a worthless piece of real estate to a partner at a fancy paper figure. Yet, the speaker declared, the people among whom this type of carrier operates never think to look into the true standing of the company until the time comes to settle a claim. Then, he said, it is too late.

Should Appreciate Situation

Congressman Hobbs predicted that if federal regulation should come it would result to a substantial extent from just such practices and conditions. He called attention to the fact that both Senator Wagner of New York and Senator Murray of Montana have introduced bills in this session of Congress providing for federal regulation of the insurance business. He reminded his audience also that when opposition to his bill developed, the house committee on the post-office and post roads, before which hearings had been conducted, requested him

Wins Renomination in Maryland for U. S. Senator



GEORGE L. RADCLIFFE

George L. Radcliffe, first vice-president of Fidelity & Deposit, was renominated in the Democratic primaries in Maryland for United States Senator. His opponent was Howard Bruce, Democratic national committeeman.

Employers Liability Flying Squadron in Action

E. C. Stone, United States manager of Employers Liability, and nine other head office executives are in the midst of a series of conferences with branch office and field personnel in various parts of the country. The head office group is known as the flying squadron. They conducted a meeting in Detroit Tuesday, went to Chicago Wednesday where business sessions were held during the day and a banquet was held that evening. The Chicago meeting will continue through Thursday.

The group will be in Milwaukee Friday and Minneapolis Saturday. Previously meetings had been held in New York, Philadelphia and New Haven.

In addition to Mr. Stone, the group includes E. A. Larner, vice-president of Employers Fire; Frank D. Tibbetts, automobile superintendent; John A. Donovan, compensation; James N. Whitaker, accident and health; James H. Fay, burglary and glass; James A. Ross, power plant; Frank W. Boyle, agency and production; E. C. Anderson, surety, and Gordon Storey, special risks.

Beginning May 13 in Denver there will be a conference of Employers Liability auditors, engineers and claim men from west of the Mississippi. Such a meeting was held just recently at the home office for representatives east of the Mississippi.

to draft and introduce a bill requiring all insurance companies to operate under permit from the SEC.

"That," said the speaker, "is government regulation. It is obvious to anyone acquainted with the Washington scene that unless the insurance companies themselves render the service that is expected by the public, unless they help purge the business of undesirable elements which are as dangerous to them as to the people they rob, the day is not long distant when we shall have in Washington a full-fledged federal department of insurance with broad powers to regulate the business of insurance throughout the United States."

The Nebraska department has licensed the newly organized National Indemnity of Omaha which will write taxicab and excess lines.

Sees Spread of Assigned Risk Plan

Counsell of Mass. Bonding Cites Application of Idea in Auto Field

Agents attending the meetings being held in various cities by Massachusetts Bonding have been much impressed with the observations of P. N. Counsell, assistant vice-president in charge of automobile, on the assigned risk plan for automobile insurance. He remarked that the assigned risk idea is spreading. It was started in Massachusetts on an experimental basis and now has become a fixture. It has been set up in two other eastern states and it is under consideration in three other states at present. He pointed out that under these plans there is no commission paid to the agent.

In Massachusetts an average of 50 risks a day is being assigned. So far this year there have been 5,500 assignments. He said that he recently scanned 1,000 assigned risks and he characterized them as "a sorry lot."

Underwriting Not Lost Art

After all, he said, there is something to the underwriting of an automobile risk. Companies in their underwriting have discarded the type of assured who is no good from a profit standpoint either to agent or company.

In Massachusetts, he pointed out, not all the risks that apply to the bureau are assigned. There is still some latitude. The most objectionable risks are not accepted and it is up to those risks to get accepted by some insurer. Most of them, he said, manage somehow to get under shelter.

If the average motorist who is not now insured, could be sold, automobile writings would increase to about \$1,000,000,000 he declared. About 20 percent of the risks that are not now insured are uninsurable but even eliminating that group there is a potential market of tremendous size, he pointed out.

At the Chicago meeting following Mr. Counsell's talk, F. J. De Celles, former commissioner of Massachusetts, who was in the audience, was introduced. He spoke briefly, saying that whenever compulsory automobile insurance is mentioned insurance people should always add "God forbid."

Mr. De Celles is now connected with American Fidelity & Casualty and Markel Service of Richmond, Va. He is presently spending about a month in Chicago and radiating from there. S. A. Markel, president of the organization, was in Chicago conferring with Mr. De Celles the other day.

Other speakers at these meetings, which are being held at every city in which there is a Massachusetts Bonding branch, are: H. J. Aldrich, assistant vice-president in charge of compensation; Stephen McLaughlin, assistant vice-president in charge of accident and health and plate glass; G. W. Berry, vice-president in charge of fidelity-surety; Russell Bond, director of the correspondence course, Mr. Counsell and F. J. Graf, engineer, who jointly conduct a demonstration of the advanced auto fleet service that is rendered.

In answer to a query at the Chicago meeting why health companies can't write a man for the endurance of his life instead of dropping him at the age of 60 or 65, Mr. McLaughlin said he doubts that health companies could ever go to the bitter end as life insurance does, especially at the present rates. It would be a very complicated problem as far as the rate is concerned and would get to a place where a man could no longer afford to carry it.

He explained that the hospitalization plan was not sold to meet competition of non-profit organizations, but was sold

Self-Insurer Must Do Own Thinking, J. W. Myers Says

Standard Oil Man Tells Buyers Principles That Govern Decision

ATLANTIC CITY—Factors to be taken into consideration by a firm that contemplates self insuring were suggested by J. W. Myers of Standard Oil of New Jersey at the meeting here of the insurance division of the American Management Association. A determination of when self-insurance is practical depends on correct evaluation of a risk, he declared. The management must do its own thinking just as the insurance underwriter does.

One of the few serious objections to the use of insurance, according to Mr. Myers, is its tendency to divert attention from the reduction to the mere distribution of avoidable losses.

The management must first apprehend the probable maximum financial loss on any risk and then consider whether the enterprise is capable of absorbing the loss. The volume of losses, their frequency and degree of fluctuation in relation to the resources of the enterprise must be such that they can be taken in their stride, he observed.

Subsidiary Values of Insurance

Even though the risk is such that it can readily be self-insured from the viewpoint of financial risk, the speaker asserted, insurance may be desirable in one or more of the following circumstances: Need of a claims or inspection service, for the protection of minority interests who may prefer not to self-insure, for legal reasons, as a cooperative measure with other business interests which for various reasons require or desire insurance.

Mr. Myers addressed himself to the problem in relation to the specific risks of fire, fidelity, automobile, compensation, etc.

In respect of fire, he said it is impractical to consider self-insurance without an extensive exposure and ability to sustain a possible wide fluctuation in losses. Important points are the record of losses, its trend, the degree of concentration of risk, character of structures, plant equipment and stocks, fire-fighting equipment and organization, general

(CONTINUED ON PAGE 20B)

to those people who can well afford to buy it.

At the luncheon in Chicago, Vice-President Spencer Welton read a telegram of greeting from President T. J. Falvey and, upon motion of Charles H. Burras, president of Joyce & Co., the group sent a message of felicitations to Mr. Falvey.

RALLY IN KANSAS CITY

KANSAS CITY—About 75 agents from this area attended the all-day educational and business development meeting of the Massachusetts Bonding here. F. G. Packwood, branch manager, was host to agents and home office executives who attended.

DES MOINES MEETING HELD

DES MOINES—More than 100 Iowa agents of the Massachusetts Bonding attended a meeting and luncheon conducted by the home office party here Monday. Joseph H. Marshall, Iowa manager, was in charge.

Iowa Requires 'Paying' Reinsurance

DES MOINES—The Iowa department has issued a requirement that the reinsurance agreements of Iowa fire and casualty companies must provide that the liability of the reinsurer shall not be diminished by the insolvency of the ceding company.

The requirement resulted from a suit against Excess of New York which won a federal court decision in a case involving the defunct Standard Mutual of Council Bluffs, Ia., several months ago.

Under the requirement, no credit will be given the ceding insurer for reinsurance unless the reinsurer is licensed in Iowa and substantially agrees as follows:

"In consideration of the continuing benefits to accrue hereunder to the assuming insurer, the assuming insurer hereby agrees that, as to all reinsurance made, ceded, renewed or otherwise becoming effective after July 1, 1940, the reinsurance shall be payable by the assuming insurer on the basis of the liability of the ceding insurer under the contract or contracts reinsured without diminution because of the insolvency of the ceding insurer."

M. B. Walker, U. S. F. & G. Veteran Is Retiring

M. B. Walker, who has been connected with United States Fidelity & Guaranty since 1902, for the past eight years as executive vice-president, is now retiring from active service. He will continue, however, as a director. He was tendered a farewell luncheon by 50 officers and department representatives. R. H. Bland, chairman, presented Mr. Walker a silver water pitcher.

Mr. Walker practiced law for a time and then joined U. S. F. & G. in 1902. Six years later he was placed in charge of judicial claims. When U. S. F. & G. entered the casualty field in 1910, he organized the casualty claim department and conducted it for a number of years. He was made a director and member of executive committee in 1918 and five years later became vice-president and head of the entire claim division. He is author of a treatise on fidelity bonds. During the war he headed the War Risk Insurance Board.

New Victory for Minn. Board

ST. PAUL—Rate-making procedures of the Minnesota Compensation Insurance Board are completely upheld by Judge McNally of Ramsey county court in dismissing for the second time the so-called "million dollar refund" suit brought by a group of employers. The court ruled in favor of the board on all points, including the contingency factor, the use of which was attacked by the employers.

Central Surety's Statement

The Central Surety of Kansas City, as of April 1, shows assets \$7,701,406, of which \$934,178 is cash, \$2,253,310 government bonds, \$2,893,329 state and municipals. It owns the stock of the Central Surety Fire carried at \$522,774. Its claim reserve is \$2,218,065 and premium reserve \$1,913,929. Its capital is \$1,000,000 and net surplus \$2,033,318. During the first three months its net premiums amounted to \$1,151,259, increase \$93,995; statutory underwriting profit \$66,033, net investment earnings \$31,505, increase in surplus \$97,537. After paying dividends the surplus increase was \$67,538. Its premium reserve increased the first three months \$29,148.

Indianapolis Wins Cup

BALTIMORE—For the second consecutive year engineers in the Indianapolis territory of Maryland Casualty have been awarded the accident reduction cup by Holger Jensen, manager of the engineering division.

Lists Dishonest Practices Employed by N. Y. Auditors

Bernard Botein, general attorney State Insurance Fund of New York, in his final report on the investigation of the payroll audit division of the fund submitted to Governor Lehman, revealed that 475 of the policyholders had engaged in dishonest practices. The organization was defrauded of \$1,637,227 in premiums during the past 2½ years. Of the amount taken, more than \$1,000,000 has been collected to date and further recoveries are expected.

The most flagrant violators numbered 211 among the policyholders and their representatives who were the subjects of investigation. They were prosecuted in 17 counties of the state. Of this number 139 were convicted, two acquitted, 15 are awaiting trial and five have been dismissed by joint consent of district attorneys and Mr. Botein.

Twenty Employees Indicted

Twenty employees of the fund, all originally appointed pursuant to the civil service law, were indicted for accepting bribes. Twelve have been convicted, two acquitted and six are awaiting trial. In addition to the fund employees indicted, 22 others have either been dismissed from the state service following departmental charges or are awaiting the disposition of disciplinary proceedings in accordance with civil service regulations.

Mr. Botein found that in 75 percent of the cases involving fraudulent manipulation of books in which responsibility could be fixed, policyholders deceived fund auditors and in 25 percent auditors acted in collusion with the assured. The book-keeping devices employed to deceive fund auditors were, in most instances, transparent and should have been detected by honest and competent auditors.

The incidence of fraud was greatest in the more hazardous groups carrying high premium rates. Of the additional premiums developed, the contracting groups alone accounted for 57.3 percent, manufacturing groups, 19.6 percent and all other industries 23.1 percent.

Starting Salary Too Low

Mr. Botein feels that the starting salary of a fund auditor is too low to attract efficient and trustworthy men, and that the present civil service requirement that applicants for appointment as fund auditors must possess one year's experience as a payroll auditor, in effect limits the qualified field to former employees of private carriers, many of whom have been discharged for dishonesty and inefficiency. The personnel files of private insurance companies often fail to reveal the true cause for dismissal.

There is no machinery for thorough examination into the records and fitness of applicants for positions as auditors in the fund, because no program provides for original training and continuing education of auditors. The failure of the management to provide a genuine promotion ladder within the limitations of civil service classifications, contributes to a stifling of initiative and lowering of morale among employees.

Present Management Regulates

Because of the lack of adequate control and supervision by the former fund management prior to July 1, 1938, dishonest and inefficient auditors were permitted to engage in their corrupt practices without detection. The present management has made notable strides toward the elimination of laxity in supervision and regulation.

Mr. Botein found little evidence of corruption on the part of any employee attached to the upstate district offices of the fund, and the ratio of frauds practiced by policyholders in the upstate areas was considerably lower than

that developed in the metropolitan district.

He found that the device most frequently employed was the maintenance of two or more payroll records. In these cases, one record would contain a fraction of the true payroll while the other or others would contain either a part or the whole. When the auditor visited the premises of the assured, the latter would display the record which understated his payroll.

More Skillful Variation

A more skillful variation of this system found by the investigator involved keeping two or more double entry sets of books with a separate bank account to conform to each set. This was more effective than the mere keeping of double payroll records. Whichever books the assured chose to display contained a completely integrated set of figures which could withstand the ordinary checks or tests applied by the average auditor. Social security and unemployment insurance returns were caused to conform to respective sets of books and payments therefor were made from the appropriate bank account.

Another fraud pattern used, Mr. Botein said, involved the concealment of payroll in other accounts. That part of the payroll which the assured desired to report appeared in the payroll book. One check for this amount was withdrawn weekly from the bank and a corresponding entry made in the cash book. The balance of the amount actually required for the true payroll was drawn by check to the order of "cash" and charged in the cash book to one or more of several accounts, such as "auto expense," "travelling expense" and "office expense." In one case it was found that six or seven different payroll books were maintained, and that the amount of each was concealed in a different account in the cash book so that there would be a sufficient distribution to allay suspicion.

Enter Fictitious Partnerships

Small employers in high rate industries entered into fictitious partnerships with all of their employees. They often went to the extent of formally entering into a written partnership agreement signed by the assured and the employees. These articles of partnership purported to make each employee an employer, who was therefore excluded from the provisions of the workmen's compensation law. A simple audit, tracing profits and losses, and the examination of a few witnesses were invariably sufficient to rip aside the partnership veil.

In many businesses, more than one type of labor was employed. There was often a wide difference in the rates applicable to each class of employees, such as handling of ferrous and non-ferrous metals, maintenance and outside operations generally, porters and window cleaners, etc. Great savings could be effected by shifting employees from a highly rated classification into a lower one. This required no manipulation or change of ultimate payroll figures. It could have been easily detected by keen observation of the assured's premises, noting the machinery or equipment and the number of employees engaged in the respective types of operation, and by scrutiny of the assured's record of operations, purchases, expenses and sources of income.

Participation of Accountant

Mr. Botein discovered that certain of the more involved bookkeeping devices described could not have been set up without active participation by the assured's accountant. Three types of public accountants were encountered.

The first and most common is the struggling professional whose total in-

Promises New Cover for Hotels

A seemingly definite promise that a new public liability policy with experience rating credits will be available to members of the New Jersey State Hotel Association was made by E. L. McManus, Jr., at the meeting of that association in Atlantic City. Mr. McManus, whose headquarters are in New York, is insurance adviser to American Hotel Association.

"This," Mr. McManus said, "will be the most revolutionary thing I have ever known to be proposed in the United States and you have a good chance to put it over. You're paying rates, not based on your own hazards and losses, but those of cats and dogs in the New Jersey hotel business who are not members of your safety-minded association."

Questions were also asked of Mr. McManus concerning a new type of comprehensive insurance for hotels that is apparently being offered by St. Paul-Mercury Indemnity. "For those of you who want it," he declared, "this type of policy is fine. Within the next month you will be able to get it from any of the leading companies. But they propose to adjust the rate according to business, giving credit for non-occupancy of rooms. What we want is credit for non-accidents. We want experience rating and individual policies."

Wording of Resolution

The resolution of the New Jersey Hotel Association declared in part: "We endorse insurance Director E. L. McManus' intentions to petition responsible casualty companies to issue a special form of liability policy available to bona fide members of the New Jersey hotel association as members of the American Hotel Association, with rates based on the experience of its members, allowing proper credit for the inspection and supervision of safety devices, and further, that the rates reflect more promptly the experience of each preceding five years."

Mr. McManus said that the desired goal is a special contract for the 7,000 members of the American Hotel Association, of which body he has been insurance director since 1930. "We have been approached," he stated, "by responsible companies not members of the National Bureau, who have indicated a willingness to write a master policy in states where such procedure is allowed under which the assured would participate in the result. Fifty percent of the A. H. A. membership insure with bureau carriers, contributing 60 percent of the total premiums received by bureau companies from their total writings; the remaining 40 percent insuring with non-association offices."

Pending the annual meetings of the A. H. A. at Seattle in October at which he will make an extended report of the insurance situation, Mr. McManus will continue to cooperate with the National Bureau and with the inspection personnel of the hotels in accident prevention work.

State Safety Folders Are Regarded Very Highly

The United States Fidelity & Guaranty agency department has had a very big response to its safety folders that it gets out for each state. It recently issued a folder for Wisconsin and Connecticut. These folders are localized as a letter from the governor is printed regarding highway safety. Then the motor vehicle department of the state gives seven or eight suggestions regarding traffic laws that if observed would reduce accidents. The leaflet prints the cuts of the governor, director of safety, motor vehicle commissioner and a few of the higherups in the motor vehicle department.

The Wisconsin motor vehicle department has asked for 100,000 copies of the folder to be publicly distributed.

(CONTINUED ON PAGE 27)

Says Self Insurer Must Do Own Thinking

(CONTINUED FROM PAGE 20)

efficiency and training of the personnel in the operation at risk, etc.

No general answer can be given. In the oil industry, fire losses are low and show a satisfactory downward trend. Technological changes in refining, producing and marketing divisions have reduced the fire hazard. In refining, he cited the change from numerous coking stills to a relatively few large cracking units with continuous flow of product, substitution of steel for wooden derricks in producing fields, reduction in number of wholesale bulk plants due to greater mobility of trucks, with consequent improvement of plant structures from fire hazard standpoint. Under present conditions plant replacements because of obsolescence are a far more serious problem than replacements required as a result of fire.

Fidelity Risk Varies

The risk of fidelity losses, he declared, also must vary widely regardless of the size of an enterprise. Among the factors having a bearing are the efficiency of management, which would include the quality of the personnel, the vigilance of the supervisory forces dealing with accounting, finance, warehouse and stores, the quality of the internal auditing, the method of handling payrolls, the number of locations where funds are handled and the size of the funds maintained and the length of time they remain in the custody of these locations. Probably most large losses are sustained as the result of a breach of trust by long-service employees. If serious losses cannot be prevented, then self-insurance would hardly seem practical unless the enterprise is in such a position that the spread for any year between such losses and the probable cost of insurance is relatively unimportant. Losses of this type appear more easily controllable by management than many others.

Problem of Automobile Cover

Assuming a satisfactory accident record and a strong financial position, the problem of automobile public liability and property damage reduces itself largely to a question of securing an adequate claims service. This can be provided either by an insurance company, an outside organization operated only for this purpose or by the operator's own organization without the use of insurance. The latter practice is usually followed by an enterprise which self-insures its automobile, fire and compensation risks. In this way, safety, inspection and claims work for the three risks can be done with the same field organization. The more widely distributed the operations, the less satisfactory the results are likely to be. For a large organization with a large area of operations producing intermittent claims work, insurance with retrospective rating may be more satisfactory than self-insurance. It should give assurance of an adequate claims and inspection service at a cost approximating self-insurance.

Some companies employ self-insurance for the auto risk except for excess cover. If the point where the excess cover becomes operative is high, the value of such cover may become questionable, and if this point is lowered it may become the source of dispute between the insured and the underwriter as to whether a given claim should be settled or allowed to go to trial.

Compensation Risk

The compensation risk, he said, is quite susceptible to self-insurance. The catastrophe risk is not ordinarily serious and can be protected by excess cover. The outstanding claims for permanent disability and death do not "snowball" as in the case of old age pensions, particularly if the accident prevention work is of a high order. Self-insurance appears most advantageous for the large concern maintaining personnel offices

and medical departments. To an employer paying accident benefits which supplement the law, there is an advantage from an industrial relations viewpoint in dealing directly and promptly with the personnel who look to the company for both the legal and voluntary benefits.

In Standard Oil, both insurance and self-insurance are employed. In the domestic companies, organized safety work was instituted in 1920. Since then almost continual progress has been recorded. Even in the last 11 years the frequency rate has been reduced 62 percent, the severity rate 53 percent, and direct benefits costs 55 percent.

Products liability is a risk usually involving widely distributed claims of small amounts, many of which have only nuisance value. What is primarily needed is a satisfactory claims service and insurance should ordinarily be the most satisfactory solution.

Buying Inspection Service

Elevator and boiler risks are illustrations of risks where insurance is largely a matter of purchasing an inspection service.

There are four methods, he said, by which cash indemnities and medical services may be provided to those employed in industry: Non-contributory self-insured programs operated by the employer; mutual associations operated by employers but often partly subsidized by employers or the state; private insurance of the type now offered in a limited way by several American companies; straight government social insurance.

The mutual associations, he said, are serving a useful purpose and revealing many advantages not possessed by other methods. Pending clarification of the course to be followed, it would seem that so far as concerns cash benefits, the non-contributory employer systems lend themselves most easily to adjustment in the event a government program begins to evolve.

Experience in foreign countries suggests that it may eventually be desirable to provide a program for taking care of chronic disability for at least part of the period between the date when temporary sickness benefits expire and the date of commencement of old age pension payments. The experience of the American life companies with this problem in connection with group life insurance could hardly be called a success. The most practical approach is for the employer to operate a self-insured program involving a considerable element of discretion so that benefits can be varied by administration as length of service, financial need and medical condition of the individual cases suggest. The administrative problem is difficult and the difficulties are magnified many times when legal rights are accorded.

The tremendous growth of group life insurance in this country speaks for itself. With a large exposure, the financial risk of self-insurance may not be serious if the benefits do not include annuities. Entirely aside from the financial risk, insurance is, of course, highly advantageous, and often necessary, where a contributory system is employed. On the other hand, insurance is not practical where conditions of dependency for qualification of beneficiaries are imposed. Now that the federal social security act provides survivor benefits to certain dependent relatives, the technique to be employed for supplementing such benefits may lead to some modification of prevailing U. S. practice.

There are many dangers of self-insurance of the old age pension risk. Pension obligations which may require 50 years to liquidate, carry serious obligations. Interest rates, life expectancy, labor turnover, changes in currency values, unsound administration, all rise

to plague the well-intentioned employer. As a result, there is almost a universal trend toward the insurance of private pension plans. Certainly, there is increasing doubt whether any private industrial or commercial enterprise is properly equipped to handle the investment of old age pension reserves.

Discussion of Myers' Talk

Courtland Otis, director Johnson & Higgins, New York, and T. Cushman Foster, special risk department Hartford Accident, discussed Mr. Myers' paper.

Mr. Otis said that in addition to the five situations Mr. Myers listed where an insured might do well to insure even though it could well absorb the loss there are several other reasons: such as desire (as distinguished from need) for a claim service on the ground that it would settle claims more cheaply, lacking bias or sympathy; desire for outside inspection as a check on company inspection because of interest in conserving lives and property; personnel reasons, as with fidelity, where it is desirable to have employees know that they are bonded; desire to let employees know that certain risks are insured, such as holdup, so they will not feel they must risk their lives in attempts at resistance; desire for an extra loss control program to protect employees from injury; desire to have a predetermined operating cost; preference for paying an insurance company for its skill and experience rather than going into the insurance business.

Insurance does so much more than just pay against losses that a firm should think a long time before going into self-insurance, Mr. Otis warned, adding that if it is ever justified it is only in connection with losses that occur seldom and that are not severe when they do occur.

Perkins & Geoghegan Rally

CINCINNATI—More than 50 associates of Perkins & Geoghegan general agency attended an educational meeting sponsored by the agency. R. C. Larson, agency supervisor Aetna Life group, spoke on the Aetna accident and health policies. Talks on sales opportunities given by various lines were made by T. J. Kilday, vice-president; G. B. Maggini, secretary and manager fire insurance department; W. T. Nienaber, treasurer and engineer, and E. L. Adams, sales manager. W. R. Perkins, president, presided. T. M. Geoghegan, vice-president, extended a welcome.

W. T. Craig, general agent for Aetna Life, spoke on the types of life policies which the company offers.

Company's Engineers Confer

Maryland Casualty engineers from various sections of the country held a conference at the home office for three days, discussing industrial hygiene, scientific progress in engineering service, elevator problems, public liability, automobile fleet service, industrial accidents and accident causes. Holger Jensen, manager engineering division, presided. Among guest speakers were Julien Harvey, managing director National Conservation Bureau, and J. P. H. deWindt, manager boiler and machinery division National Bureau of Casualty & Surety Underwriters. E. J. Bond, Jr., president Maryland Casualty, and D. C. Gibson, vice-president and advertising director, spoke.

Chicago Acquisition Cost

The Chicago Acquisition Cost Council will meet Thursday morning of this week to complete its organization. G. H. Moloney, vice-president Hartford Accident, has been acting as temporary chairman and will preside. A board of governors will be elected, the nominating committee making recommendations. George E. Turner, manager of the Chicago council, will act as chairman of the governing board. A committee has drawn up a constitution and, rules will be decided on. The governing board will handle all details and workings of the council.

Casualty Experience for 1939 Given for Tennessee

Herewith are given the total net premiums written and net losses paid in Tennessee last year of casualty companies.

	Net Premiums	Losses
Acci. & Cas.	\$ 105,799	\$ 27,602
Aetna Cas.	280,304	78,748
Aetna Life	81,780	47,553
Allstate	22,223	4,076
American Auto.	219,306	75,879
American Bonding.	18,847	37,671
American Casualty.	149,606	88,973
American Credit	49,001	6,903
American Employers	19,037	2,455
American Fld. & Cas.	97,256	17,288
American Indem.	14,482	25,372
American Motorists.	15,753	12,380
American Reins.	58,182	6,008
American States.	12,113	7,216
American Surety	96,974	8,920
Arex Indemnity.	3,447	389
Associated Indem.	24,244	11,655
Bankers Indem.	887	40
Bituminous Cas.	154,000	84,810
Business Mens.	53,208	26,670
Car & General	56,096	5,624
Central Surety	53,975	26,423
Century Indem.	6,827	1,103
Colorado Life	13,828	4,852
Columbia Cas.	7,729	9,491
Commercial Cas.	84,908	35,471
Commercial Stand.	160,029	85,152
Conn. General Life.	2,342	6
Continental Cas.	163,102	78,010
Eagle Indemnity.	28,682	7,761
Employers, Ala.	34,175	14,541
Employers Liab.	120,925	37,032
Equitable, N. Y.	108,129	25,067
Excess	23,600	8,200
Federal Life & Cas.	12,021	5,042
Fidelity & Cas.	272,068	117,387
Fidelity & Deposit.	117,439	56,002
Fireman's Fund, Ind.	34,675	17,984
General Accident	45,146	17,679
General Amer. Life.	19,908	8,349
General Reins.	72,029	29,143
Glens Falls Indem.	42,208	12,706
Globe Indemnity.	161,081	48,300
Great Amer. Indem.	98,068	22,548
Great Northern Life	23,832	8,881
Hartford Accident	372,809	140,871
Hartford Steam B'ler	63,185	4,567
Home Indemnity.	38,899	11,152
Indem. of N. A.	163,296	59,477
Lincoln Income Life	55,869	27,912
London Guar.	41,152	26,382
Maryland Casualty.	367,390	122,548
Mass. Bond.	49,691	40,536
Metropolitan Cas.	74,957	49,624
Metropolitan Life	239,296	122,212
National Casualty.	54,338	33,055
National Surety	111,196	36,943
New Amsterdam	198,475	69,691
New Century Cas.	7,308	6,663
New York Cas.	40,773	5,484
North American Acc.	40,507	16,807
Ocean Acc.	97,014	51,016
Ohio Cas.	12,977	1,690
Pacific Mutual Life.	111,967	3,714
Paul Revere	12,212	961
Peerless Cas.	961	35,417
Pennsylvania Cas.	95,330	22,470
Phoenix Indemnity.	38,206	36,588
Preferred Acc.	35,884	6,253
Reliance Life	18,315	27,591
Royal Indem.	69,390	12,767
St. Paul-Merc. Ind.	67,802	3,646
Seaboard Surety.	375,059	197,789
Standard Acc.	53,331	27,634
Stand. Surety & Cas.	211	103
State Farm Life.	5,885	1,909
Sun Indemnity.	133,459	56,039
Travelers Indemnity	644,806	264,376
Travelers	15,021	6,306
Trinity Universal	1,452	307
United Bene. Life.	45,015	15,997
U. S. Casualty.	70,405	898
U. S. F. & G.	102,522	75,516
Utilities	131,465	60,791
Washington Natl.	38,654	8,612
Western Cas. & Sur.	17,023	11,934
Yorkshire Indem.	131,831	76,611
Zurich		
Totals	\$7,492,255	\$3,114,823

MUTUAL COMPANIES

American Mut. Liab. \$	509,753	\$ 207,556
Bene. A'n of Ry. Em.	53,350	27,225
Employers Mut. Liab.	58,230	14,107
Equity Mutual	8,211	11,113
Factory Mutual Liab.	4,977	1,355
Hardware Mut. Cas.	26,708	9,129
Liberty Mutual	466,661	211,064
Lbr. Mutual Cas.	161,331	45,225
Mutual Boiler	20,625	586
National Mutual Cas.	2,270	5
National Mutual	4,005	412
Security Mut. Cas.	21,013	5,451
Shelby Mutual	6,119	1,985
State Auto. Mut.	100,565	31,591
Utica Mutual	1,135	509
Totals	\$1,457,954	\$ 567,121

Bay State Rating Bureau Elects

BOSTON—The Massachusetts Automobile Rating & Accident Prevention Bureau at its annual meeting elected the following governing committees: Stock carriers, Aetna Casualty, Employers Liability, Massachusetts Bonding, Preferred Accident and Travelers; non-stock, American Mutual Liability, Liberty Mutual, Lumbermen's Mutual Casualty, Merchants Mutual Casualty and Utica Mutual.

NEWS OF CASUALTY ASSOCIATIONS

Pennsylvania Claim Men to Meet June 28-29

The annual convention of the Pennsylvania Claim Men's Association will be held at the Bedford Springs Hotel, June 28-29. T. H. Stoner of Harrisburg is general chairman for the convention. N. C. Bradway of Pittsburgh is president.

According to the tentative program, the convention will open with a business session, at which time reports will be given by the treasurer, secretary, nominating and membership committees. Details of the program are to be worked out, but the opening night address will be by R. H. Alexander, deputy state commissioner.

Plan Boston Summer Outing

BOSTON—The Association of Casualty Underwriters of Boston will hold its summer outing at the Belmont Springs Country Club in Belmont. James Smith is chairman of the committee in charge. The association at that time will entertain as guests the four commissioners who have spoken before it the past year; Harrington of Massachusetts, Rouillard of New Hampshire, Lovejoy of Maine and Public Safety Commissioner Griffin of New Hampshire.

Conway Is N. J. President

NEWARK—J. N. Conway was elected president of the Surety Underwriters' Association of New Jersey, succeeding O. H. Linn. G. C. Howie, Jr., treasurer, was succeeded by Harry Verney, who was also elected secretary, succeeding A. H. Edwards. All of the officers who were succeeded resigned due to being promoted to higher positions in various parts of the country. The annual outing will be held June 18 at Echo Lake Country Club. There will be a golf tournament and dinner.

Eggertson to Be Speaker

LOS ANGELES—The Casualty & Surety Field Men's Association of Southern California at its meeting May 29 will have as guest speaker Manager H. W. Eggertson of the Profit Motive Institute, who will explain its plans and its objects.

Boston Casualty Seminar Elects

BOSTON—The Casualty Seminar of Boston, organized earlier in the year, at its annual meeting elected Joseph Ansley, Massachusetts Bonding, president; and Carl Klinck, John C. Paige & Co., secretary-treasurer. E. C. Stone, United States general manager Employers Liability, talked on casualty policies.

Milwaukee Board Elects May 16

MILWAUKEE — The Milwaukee County Board of Casualty & Surety Underwriters will hold its annual evening meeting May 16. President Frederick Kasten is being assisted in arrangements by Theodore Johnson and Benjamin Weil. Mayor Carl Zeidler of Milwaukee will discuss associations and the value of organizing. Officers will be elected.

N. J. Casualty Outing

NEWARK—The Casualty Underwriters Association of New Jersey will hold its annual outing at the Spring Brook Country Club June 6. C. L. Templeman is chairman of the outing committee.

Albany Club Hears Tax Talk

ALBANY, N. Y.—Keeton Arnett, Citizens Public Expenditure Survey, spoke to the Albany Casualty & Surety Club on taxation.

William Griffin, assistant manager of

Aetna Casualty, spoke on the need for increased membership in the Insurance Federation of New York.

Phillip Parrish, editorial writer Portland "Oregonian," will address the Oregon Casualty Adjusters Association May 13 on "International Affairs."

New York City Casualty & Surety Club will hold its annual golf tournament at the Canoe Brook Country Club, Summit, N. J., June 13.

Act to Stop Mutual's Mail Solicitation in Virginia

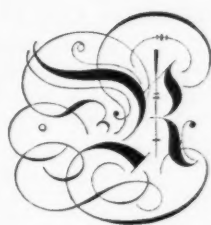
RICHMOND, VA.—The attorney general's office asked the state corporation commission to issue a cease and desist order against the National Mutual of the District of Columbia on the allegation that it was doing business in Virginia without a license. No defense was offered in the proceedings and the commission directed that a cease and desist order be prepared for its signature.

The commission was informed that the company specializes in writing long

haul truck business. Morris Gewirz, president of the mutual, when advised of the proceedings, was quoted as making the formal statement that his company was serving clients through the mail and had never submitted to the jurisdiction of Virginia.

Calls Va. Authorities Unfair

"However," the statement said, "the company does not do a sufficient volume of business in Virginia to justify a suit to the United States Supreme Court." The action of the state authorities was characterized as unfair.



Reinsurance in EXCESS means
direct dealings with principals in
an American company which speaks
the language of American insurance.



Buyer Discusses Proposed N. Y. Form

(CONTINUED FROM PAGE 5)

If there is an explosion originating within any such apparatus it seems to me that the loss should be covered. Then there is the hot water heating apparatus so many of us use domestically and industrially either for part or all of the year. That type of equipment does not seem to come within the dictionary meaning of a heating furnace. It also has pipes for the exhaustion of waste gases where an explosion might occur. Does the explosion coverage extend to this equipment? Please note also that smoke and smudge loss from industrial apparatus is excluded. 'Industrial apparatus' is a mighty indefinite term, susceptible to various interpretations."

Commenting on a clause that is identical in the present and proposed policies, Mr. Fleming said that the five-day extension of coverage where property is moved for preservation from fire to a location not named in the policy might well be for a longer time. He praised, however, the absence in the proposed form of the present exclusion where the fire results from "riot."

Three-Man Riot

"As it is now," he observed, "if three or more persons get boisterous and make audible threats against your property and then go out and set fire to it, that is a riot and you don't collect. But if these same persons forego audible threats and turbulence, then there is no riot and if your property is burned down your insurance is valid." He added that while in the new form exclusion of damage by civil authority is modified specifically to take care of destruction to prevent spread of fire this is a negative way of putting it and he would prefer to see the condition of coverage stated positively in the insuring clause.

Five conditions in the present policy which void the coverage are reduced to two in the proposed form, Mr. Fleming pointed out.

"The insurance will be void only if there is a change in the interest, title or possession of the subject of the insurance, excepting change of occupants without increase of hazard or if the policy is assigned before a loss," he said. "No longer is your insurance voided by lack of unconditional and sole ownership if an insured building is on ground not owned in fee simple, or by the starting of foreclosure proceedings. I still don't like the condition that the policy will be voided by an increase in the hazard."

"Increase in Hazard" Held Vague

Discussing the seven conditions in the old form in which no liability for loss or damage attaches unless specifically accepted by the insurance company, Mr. Fleming criticized the retention in the new form of a condition releasing the company from liability if an "increase in the hazard" within the control and knowledge of the insured contributes to loss or damage or to the severity of loss or damage.

"As a matter of fact, I don't know what an increase in hazard is," he said. "Does it mean an increase according to the rating book? But how is the insured to know what is in the book, and furthermore, the classification of hazards changes from time to time. Then it is quite possible that a process of manufacture might be changed during the course of time by some simple thing that would increase the hazard. What happens then?"

Unclean Premises an "Increase"?

"Or again, if the premises are not kept clean, that is very definitely an increase in hazard. I suppose the reason for having the language is that the insurance companies don't want to issue a policy insuring a dwelling and later on during the course of the policy period have the occupancy switched to that of a cleaning and dyeing establishment. But why can't that be said in

so many words and let the business man and manufacturer go about their business without having their insurance jeopardized by a clause the meaning of which they don't realize? Anyhow, the insured premises are supposed to be rated periodically. They should disclose any increase in hazard and enable the insurance company to collect the greater premium to which it is entitled."

Mr. Fleming raised the question of the insurer's legal right to waive this condition and the one applying to the keeping of benzine, gasoline, etc., on the premises, saying that "contrary to some of the other conditions (notably the ownership clause beginning on line 23 and the conditions beginning on line 41) nothing is said about the right of the insurance company to waive these conditions."

May Lack Right to Waive

"As this is a statutory form, it may be that the insurance company cannot waive them without express authority of the legislature," he warned. "This is something which the buyer of insurance should investigate carefully. The legislature should grant the privilege of waiver, incorporating proper language if there is any question about the authority of the insurance company to do so."

"Of the other five provisions, the one excluding liability for loss due to explosion and lightning has been eliminated, as those hazards are to be covered under the new form. The remaining four may be waived, so the policy states, and have been liberalized."

Wants Repairs Clause Changed

Listing some of the things the insured is permitted to do under the new policy which would have required an endorsement under the present form, Mr. Fleming said that at least one of these conditions should be changed further so that instead of reading, "while mechanics are employed in extensive alterations or repairs," it would read, "while mechanics are employed in extraordinary alterations or repairs," since many corporations have mechanics making repairs for extended periods, usually the year 'round. He praised the elimination of the fall-of-building clause in the proposed form.

Commending the change in the prorata liability clause, under which liability is prorated according to valid policies covering the loss instead of all policies whether valid or not, Mr. Fleming said even under the new form it was not clear what would result if one or more of the fire companies involved became insolvent after the loss occurred. He wondered if the insolvent policies would be included in the total insurance in fixing the prorata liability.

Significance of Subrogation Change

Mr. Fleming said that the fact that the subrogation clause has been modified in the proposed form to recognize that subrogation may be waived (as it can not be under the present form) brings up an interesting point.

"A few minutes ago I questioned the ability of an insurance company to waive a statutory clause in the absence of specific permission," he said. "If it was considered necessary to give specific permission for the waiver of the subrogation clause, is it necessary to give the same permission by the language of the form for waiver of other conditions? That this point is not an academic question may be seen by the numerous court decisions on the point. The majority opinion seems to be that the purpose of the statutory policy may not be changed by riders or endorsements inconsistent with it."

Remarking that with the present New York standard fire policy underwriters should qualify as paper hangers under any union rule, Chase M. Smith, secretary National Retailers Mutual, Chicago, said that nevertheless he disagreed

with Mr. Fleming's ideas on simplicity. "It is easy to make things short and sweet," he said, adding that difficulties arise not out of complete and definite wording but where the meaning is uncertain.

As for Mr. Fleming's objection to the words "sudden, unusual, and faulty" in connection with smudge coverage, Mr. Smith defended them on the ground that "for sheer symmetrical beauty they are unsurpassed by anything in the English language." He added that some such provision is necessary to prevent inclusion of everyday smudging from fireplaces and in kitchens.

C. G. Hale, Hale & Hale Company, Cleveland, agreed with Mr. Fleming that the 5-day limit on protection for goods moved out of the way of a fire might well be extended to 10 days. He sided with him, too, on the modification of the three-man riot definition. He disagreed on Mr. Fleming's objection to the "increase in hazard" provision, saying that the line has to be drawn somewhere and he doubted that any member of the public has been done an

injustice by the "increase in hazard" clause. He denied that there is any haste about the change that would justify anything less than the most thorough and competent job possible in the revision and said it should be so drawn as to attain the widest acceptance. He suggested that the legislature set a deadline by which time the companies would have a proposed revision prepared, as was done preparatory to enactment of the original 1886 form.

Julian Lucas, prominent New York broker, said the proposed policy is not perfect but he termed it a great step forward. Prentiss B. Reed, widely known adjuster, said that "if you give me 1,000 losses to adjust under the proposed policy I believe both the companies and the public would be satisfied." J. G. Goetz, managing director, Risk Research Institute, described efforts his organization has made to enlist the buyer's interest. P. D. Betterley, Worcester, Mass., insurance consultant, suggested that the new policy be drawn so as to induce buyers to read it.

Concentrate on Apartment Life Hazard

(CONTINUED FROM PAGE 3)

an appropriation for extra help, results in taking time away from more essential duties.

S. S. Wright of Nova Scotia mentioned this at the fire marshals' session. During the last year, shortly before he was promoted from deputy marshal to marshal, the Queens hotel in Halifax burned with loss of 28 lives. The legislature thereupon made a number of rigid rules for him to enforce but no additional appropriation to do the added work. He has a staff of one assistant and a clerk.

Bruce Bielaski Reports

A. Bruce Bielaski, head of the National Board of Fire Underwriters arson division, reporting for the committee on pyromania, said the most efficient arson detection is being done in states where the fire marshal's staff does not change even when the marshal himself goes out of office with a change in administration. He said the handling of pyromania cases had improved in most states. The pyromania committee, he said, is assembling all the information on pyromania, a cause of fires which stands out more as other causes are being brought into line. He pointed out that fires set by pyromaniacs are usually severe and often beyond the fire department's control from the time of discovery.

The address of Sylvan Harris of the Society of Motion Picture Engineers brought out that the problem of portable projection booths is still far from solved. There are practical difficulties in the way of enforcing the rule that nitrocellulose film should not be shown from those booths. Acetate film is being so greatly improved as to overcome the objections to using it but where only the highly flammable professional type film is available the best compromise is to prohibit more than one standard 1,000-foot reel being in the booth at a time; also there should be a switch permitting the operator with one motion to turn off the projector and turn on the house lights to avoid panic. Fire fighting equipment in a small booth is useless and may tempt the operator into getting severely, perhaps fatally burned. His best course is jump out of the booth, slam the door and let the reel burn itself out.

Massachusetts Equipment Inventory

George Mansfield, chief inspector Massachusetts department of public safety, described the complete inventory his department has made of every piece of fire and emergency equipment. A master file in the state police teletype room permits the most effective mobilization of equipment to where it is needed. Even brooms and shovels are catalogued.

Discussing the future of fire marshal work, Fred Watkins, West Virginia,

criticized the faulty record keeping of most states. Lack of uniformity makes comparisons between states meaningless. In rural areas there is often no check up of losses.

Percy Bugbee, N. F. P. A. general manager and executive secretary fire marshals' section, said there are only about a dozen states keeping records detailed enough to be of any use for making comparisons. The important thing in the N. F. P. A.'s work is to determine what caused fires and in what type of occupancy they occur. Lack of uniformity and standard methods of designation are a severe handicap.

Fire Marshal J. B. Gontrum, Maryland, who is also insurance commissioner, led the discussion on removal of old, abandoned buildings which are conflagration breeders because they ignite readily and quickly spread burning brands around the neighborhood. Fall River, Mass., for example, narrowly averted catastrophes on two occasions during the last year. It was brought out that a little initiative and diplomacy on the fire marshal's part will get further than resorting to the law. Many owners are willing to cooperate particularly if their civic pride is appealed to. In Portland, Ore., 1,000 dilapidated buildings were torn down, through the marshal's efforts in bringing together the owner and a wrecking contractor, the latter doing the work in return for the salvage value. Use of the land for parking lots often is an inducement to an owner.

Deputy Fire Commissioner F. X. Ahern of Quebec told of that province's system under which it does not lend but gives outright some \$250,000 each year to supplement the expenditures of towns for fire fighting facilities. Each case is judged on its need and the extent of its ability to meet the burden itself. For example, the money may be used for apparatus, or toward the added expense of facilities, such as mains or standpipes, large enough for fire use. Through this method an estimated \$500,000,000 of property values that would be unprotected or poorly protected is safeguarded. The province may contribute up to 80 percent, the only stipulation being adherence to the rigid maintenance standards prescribed.

In his report as executive secretary, Mr. Bugbee talked on the progress of the fire marshals' section, which now has a membership of 278 state, city, and



J. B. Gontrum

provincial fire marshals. Chairman of the section, W. J. Scott of Ontario, talked on the origin and history of the title of marshal.

MARINE SECTION

The morning session the second day was taken up with a forum on fire inspection procedure led by these four fire marshals: Frank Gallaner, Rochester; Scotty Sember, Jacksonville; Paul Heinz, New Haven; and Jake Weill, Knoxville; and an address by Fire Marshal L. G. Schraffenberger of Cincinnati on fire prevention education. Otto Lindemeyer, Detroit, was chairman.

Mr. Bielaski spoke in the afternoon on current developments in arson investigation and control. Assistant Director E. A. Tamm of the Federal Bureau of Investigation spoke on the bureau's work on arson and sabotage cases. This field has become extremely important since the European war began. Even apparently insignificant fires must be investigated for possible sabotage angles. Capt. Russell Snook of the New Jersey state police talked on apprehension of arsonists.

News of \$100,000 boat yard fire that destroyed 40 yachts and damaged 10 others a few miles up the coast lent a timely dramatic touch to the marine section meeting of the N. F. P. A., at which one of the principal topics was the fire hazard on pleasure craft.

R. H. Sweeny, surveyor Atlantic Mutual, urged the formation of a committee representing the National Association of Engine & Boat Manufacturers, the N. F. P. A., Bureau for Prevention of Fires & Explosions on Motor Boats, underwriters, surveyors, and department of commerce to bring harmony out of conflicting viewpoints and draw up a revised and simplified set of rules on design, installation and maintenance that would be more widely understood than the present rules. He implied that the N. F. P. A. rules, while excellent, are sometimes too technical for the layman.

H. E. C. Rainey, head of the Washington, D. C., Board and chairman N. F. P. A. membership committee, reported that for the first time in its history the membership is over the 5,000 mark. Applause which greeted this announcement reflected recognition of the extraordinary efforts Mr. Rainey has put forth to bring the membership to a new high.

Mr. Sweeny said the situation is so serious that it would not be surprising for an accident to result in injury or damage that would cause a claimant to sue not merely the boat owner, who could plead limitation of liability if free from negligence himself, but also the designer and builder on the ground that design and/or installation were contrary to accepted modern standards. Many naval architects who should know better are still years behind the times in their fire safety ideas, Mr. Sweeny said. He blamed the emphasis on clever designing to make most efficient use of space, and consequent relegating of fire safety features to subordinate consideration.

The department of commerce, he said, is interesting itself, though so far it has no control over pleasure craft. It is circulating questionnaires among boat owners, although there is no compulsion to answer. Mr. Sweeny doubted that the department would care to extend its scope to actual supervision or that it would be practical to handle the situation through the government.

The best plan, he thought, would be to enlist voluntary self-regulation by working through local boat yards, yacht clubs, underwriters, surveyors, and local power squadrons, to effect widest distribution of the simplified rules already mentioned and to act as local educational centers. He proposed that the National Association of Engine & Boat Manufacturers would issue certificates of seaworthiness, covering also features other than fire, to owners whose boats met the accepted standards. He also suggested a mark, like the Underwriters Laboratories' mark, that would be

granted to equipment meeting specified standards for boat use.

Mr. Sweeny urged the use of a thermostat to flash a red light when an engine overheats, also an ignition switch that when turned off would automatically close the gas line.

Report of the committee on boat basins and municipal marinas recommended that boat basins be designed so that each boat is accessible for emergency removal without the necessity of moving any other boat. Other provisions cover fueling, fire alarm and watch service, and water supply and hose lines for fire protection.

Others who addressed the marine section were Vice-president Roger Williams of Newport News Ship Building Company, who described the modern safety features installed on the new S. S. America which were developed after exhaustive tests; A. B. Carlson, deputy New York City fire chief in charge of the marine division, who talked on the history and progress of marine fire-fighting in the port of New York; and S. D. McComb, New York City, section chairman.

State Farm Drops Minn. Suit

ST. PAUL—The action brought a year ago by the State Farm Mutual Automobile of Bloomington, Ill., against Commissioner Yetka, to decide whether

its membership fee is a part of the premium and subject to the 2 percent premium tax has been dismissed by the company.

Commissioner Yetka demanded payment of \$1,876 on \$93,806 in membership fees collected in 1938. The company argued the fee was not a part of the premium and instituted a friendly action in court to determine the point. The case never came to trial.

Safety Appeal on Cigarette Stamps

(CONTINUED FROM PAGE 4)

they have no other place to go. Ample parking space must be provided elsewhere. In those high valued districts where the ground cannot be used for parking space, Mr. McComb suggested that underground storage facilities be developed. For instance whenever a new building is erected a sub-basement should be dug for car storage.

Another recommendation of the president was that the N. F. P. A. directors secure the preparation of a model bill for consideration of state legislatures to enable cities to adopt fire prevention ordinances by reference or title. One of

the difficulties, he declared, of securing adoption of codes and ordinances is their length and the costly procedure due to advertising and verbatim printing in the local press. Several cities have assumed the responsibility of adopting by reference or title. But under those circumstances the burden of proof is left to anyone desiring to challenge such acts of the city authorities.

Company Fined for Violations

Superintendent Pink of New York announces that he has approved the decision of Deputy Superintendent Whelan finding the Citizens Casualty of New York guilty of violations of the rating provisions of the insurance law and recommending imposition of a fine of \$750. The matter has been referred to the attorney-general to proceed with a civil action for the collection of the fine.

Badger State Casualty Record

In the Automobile Insurance edition of THE NATIONAL UNDERWRITER the net premiums for 1939 of Badger State Casualty of Milwaukee were given as \$59,251. The correct figure is \$62,283. That represents an increase of \$2,944 over the 1938 record.

50+ Years of Service

The Preferred Accident has throughout its 55-year career built up and maintained a progressive staff of agents in all parts of the country with whom its relationship has been friendly and mutually profitable.

The cornerstone of the Preferred's success has been gradual, steady growth, the emphasis being on careful underwriting in both field and home office, and a policy of claim settlements that builds good will among policyholders.

That agents appreciate this program in its broad aspects is indicated by their long time representation of the Preferred.

*Automobile Accident Burglary
Plate Glass Liability*

**THE PREFERRED ACCIDENT
INSURANCE COMPANY**
of New York

80 MAIDEN LANE, NEW YORK

Edwin B. Ackerman, President

CHANGES IN CASUALTY FIELD

Standard Accident Extends Field of Kansas City Office

KANSAS CITY—The Standard Accident is adding Missouri (except St. Louis, which is handled by General Insurers), to the area covered by the Kansas City office under Chester A. Miles, state agent. This office previously has had Nebraska, Kansas and Kansas City, Mo. The setup here includes agency, payroll audit, inspection and claim departments. Mr. Miles has been with the company here since 1935.

Frank J. Kuenzinger, Jr., who has been with the Hartford Accident here since 1929, has joined the Standard Accident as special agent under Mr. Miles.

Maryland Claim Division Changes

BALTIMORE—Arthur H. Smith has been named an assistant manager of the claim division of Maryland Casualty in charge of the compensation section. He went with Maryland in 1924. For several years he has specialized in compensation claims, particularly those pertaining to occupational diseases.

John C. Thomas has been appointed manager of the Cincinnati claim division of Maryland, succeeding H. P. Faulkner, who has been transferred to be manager of the Louisville claim division.

L. F. Brinkley, formerly at Louisville, is now manager of the Tulsa sub-office of the Oklahoma claim division.

Voth & Wright Get Travelers

The new partnership of Voth & Wright in Tulsa has taken the district agency of Travelers in the casualty department. Travelers just recently reentered Oklahoma for casualty business, after having withdrawn in 1932.

Ben Voth and C. E. Wright, the principals in the agency, were formerly connected with the Frates company. Mr. Voth was president of the Tulsa Insurance Board for two terms and for several years has been a member of the casualty conference committee of the Oklahoma Association of Insurers. He has been located in Tulsa since 1928. Mr. Wright was connected with the insurance department of the Sunray Oil Company before joining the Frates company.

The Voth & Wright agency is located in the National Bank of Tulsa building.

Miller Made N. J. Supervisor

The Preferred Accident has appointed Donald G. Miller, formerly with the American Automobile, as field supervisor in New Jersey.

A. W. Johnson Resigns

A. W. Johnson, claim manager of the Pittsburgh branch office of the Continental Casualty, has resigned after many years of service. He was with the United States Fidelity & Guaranty and Commonwealth Casualty before going with the Continental.

Fitts Joins Standard Accident

Sheldon Fitts has joined the claim division of Standard Accident in Chicago under Manager S. R. Harwood. He is in charge of the legal department. Since 1936 he has had the same position with Employers Liability in Chicago. From 1931 to 1936 he was with Hartford Accident in that city.

James A. Dooley succeeds Mr. Fitts as head of the legal department with Employers Liability. He has been with that company since 1938.

D. E. Boyette Is Promoted

D. E. Boyette, field assistant of the Kansas City, Mo., branch of the Travelers, has been promoted to assistant manager of the same branch. After attending Oklahoma University for three years, he went with the Southwestern Light & Power Company in 1926. Four years

later he joined W. Y. Young & Brothers, security brokers in St. Louis. He joined the Travelers organization in 1930 and has served as field assistant in both Oklahoma City and Kansas City.

Hardware Mutual's New Offices

The Hardware Mutual Casualty of Stevens Point, Wis., has opened a new office at Syracuse, N. Y., in charge of R. A. Helfer, who has represented it there since 1934. Another new office will be opened June 1 in Philadelphia in charge of W. J. Donohue, sales manager for Pennsylvania and with the Hardware Mutual nine years.

Traviss to Royal Indemnity

R. J. Traviss, who has been superintendent of the bonding department of the Columbia Casualty and the Ocean Accident in the Los Angeles office, has resigned to become manager of the bonding department of the Royal Indemnity there. He started with the Royal Indemnity in 1924, and then was with the Commercial Casualty until 1931 when he went with the Columbia-Ocean. He succeeds F. S. Plews who

now heads the Travelers' surety department in the Los Angeles office.

Ayres New England Special

Manager H. E. Ayres of Ocean Accident and Columbia Casualty in Boston has appointed W. F. Krake special agent for Maine, New Hampshire, Massachusetts and Rhode Island, with most of his time devoted to Massachusetts and Rhode Island. He has been with the Boston office about 10 years.

Payne Goes to Alabama

C. H. Payne, assistant state director of the State Farm companies in Virginia since 1937, has been transferred to Alabama as state director with headquarters in Birmingham. R. C. Aylor of Charlottesville succeeds him as assistant state director in Virginia.

Angus Chapman, 40, Henry, Ill., representing the Aetna Casualty through the Peoria office, has been missing since April 15, when he was last seen at his Henry office. He complained of feeling ill, but set out to carry on business at Toluca, 15 miles from Henry. His car was found in Peoria three days later. His accounts were in perfect order, according to Special Agent H. P. Gotti.

COMPENSATION

Minn. Rating Machinery Is Facing Severe Test

ST. PAUL—Fear that Minnesota compensation insurance rate-making machinery may be facing disintegration is being expressed in some quarters as the result of recent filings of combined liability and compensation rates. For the present the matter is marking time, pending further clarification of the law.

The Bituminous Casualty recently filed a so-called "over-all retrospective coverage" plan. The Minnesota compensation board received an opinion from the attorney general on the plan. It is understood this was done at the request of other interested insurance companies. The opinion was that the plan is legal "if the rates for each liability line under the plan are the same as would be charged if such lines were purchased separately." The Minnesota rating law establishes compensation rates and prohibits reductions in other rates as an inducement for securing compensation insurance. Most insurance men, therefore, feel that this opinion straddles the question.

Bituminous Casualty proposed to

It Pays—Two Ways

Activity in street and highway safety work not only benefits your townspeople but brings gratitude and goodwill to the sponsor. Be a leader in safety work for your community.

Bankers Indemnity Insurance Co. Newark, New Jersey

one of

THE American Insurance Group
Newark New Jersey



issue two policy forms, a standard compensation policy and a policy including all other liability lines, the premium for all coverages to be lumped and computed on the retrospective basis. Acceptance by the insured was to be voluntary.

Other companies protested to the Minnesota compensation rating bureau, which decided it had no jurisdiction. It was then referred to the state compensation board, where it now rests. Board members, too, are doubtful of their jurisdiction in the matter and will ask a ruling from the attorney general on this point. The real point as far as the board is concerned is whether Bituminous Casualty's plan conforms to the rates approved by the board or whether it is establishing a new set of rates of its own.

It is believed that if Bituminous Casualty's plan is finally upheld other companies will come in with similar plans which some insurance men believe would be the start of a breakdown in the rate-making setup.

See Increased Medical Cost from Minn. Court Ruling

ST. PAUL—Increased medical costs to compensation carriers in Minnesota are forecast as the result of a decision of the state supreme court that employees may select their own physicians. The court reversed the decision of the industrial commission in the case of John J. Carmody vs. City of St. Paul.

Predictions are made that employers will go before the next legislature and demand that the law be amended or clarified to act as a brake on excessive medical expense in compensation cases.

The city council of St. Paul designated five physicians to treat all city employees injured while at work. Carmody, a city fireman, refused to accept treatment from one of these physicians and engaged his own family physician. When the city refused to pay the bill, Carmody carried the case to the industrial commission, which decided for the city, and cited how burdensome medical costs have become to employers and their carriers.

Under the five-physician plan in St. Paul, officials said, medical costs dropped from a peak of \$54,266 in 1935 to \$36,126 in 1939. In addition, the city figures it saved \$11,000 in salaries because of reductions in time off of injured employees.

The supreme court decision lets the bars down as far as choice of physicians is concerned.

Object to Cal. Expense Exhibit

The Association of Casualty & Surety Accountants & Statisticians has delivered to Commissioner Caminetti of California a statement of objections to the commissioner's intention of developing a complete statistical analysis of compensation insurance costs, losses, earnings, etc., particularized for California. The accountants contend that such a breakdown is impracticable for stock companies, particularly those operating countrywide.

The accountants recommend that the division of California expenses by source be eliminated, that instead the companies be instructed to include all expenses on California compensation business regardless of source.

New Jersey Rates Revised

NEWARK—Revision of rates for compensation policies effective July 1 has been approved by Commissioner Reilly. No change will appear in the loss and expense constants. The factor values of the experience rating plan, effective since Dec. 31, 1939, continue without change. The industrial schedule rating plan continues unchanged.

Effective on July 1, a parallel revision has been made in occupational disease rates. The adjustment will average, over-all, a reduction of about 10 percent from the prevailing level. The general foundry rate has been reduced

from \$1.55 to \$1.25, with no change in the special schedule rating procedure.

Michigan Revisions Sought

LANSING, MICH.—J. F. Shepherd, chairman of the department of labor and industry, which administers the compensation law, outlined to the State Bar of Michigan, at a conference here, changes in the law to be recommended by the department, including creation of a rehabilitation fund to finance special training for partly disabled victims of industrial accidents or ailments, and revision of the occupational disease sec-

tion. He would modify the law to permit the compensation commission to determine which diseases or ailments should be deemed occupational and hence compensable.

Hearing on Va. Coal Mine Increase

Hearing on a proposal to increase certain rates for workmen's compensation on coal mines in Virginia is scheduled for June 26 before the state corporation commission. The Bituminous Casualty has asked the commission to increase the catastrophe loading for coal mines from 3 cents to 20 cents per \$100 pay-

roll, effective with the next rating period on mines.

Minnesota Bureau Elects

MINNEAPOLIS—At the annual meeting of the Minnesota Compensation Rating Bureau, the Aetna Casualty and Employers Mutual were elected on the rating committee and the Travelers and Liberty Mutual on the governing committee.

The annual meeting of the Compensation Rating & Inspection Bureau of New Jersey will be in Newark May 21.

Sorry we have only one chair—



Jim's Making the Furniture and He's Busy Now

IN pioneer days crude furniture would do because it had to. Fine pieces were for the wealthy. A fine bed was an heirloom to be mentioned in the will. The modern mattress and springs were unheard of. The featherbed was the last word in sleeping luxury.

Now we take good and inexpensive furniture for granted. Bride and groom move into even a very modest house complete in every detail. Modern manufacturing based on volume production, national advertising and planned retail distribution makes every householder the potential owner of beautiful, comfortable and useful furniture.

The retail furniture dealer serves as buyer, guide and counsellor to his territory. Bride and experienced housewife alike turn to the retail store for wide selection, honest quality and dependable service.

When the experienced retail furniture dealer needs insurance of any type he does not just say, "\$50 worth of insurance, please." Because he realizes the necessary part played by on-the-spot service in modern distribution, he asks for and gets the advice and full services of a capable purchasing agent in the complex insurance

field, like himself an expert middleman. No worries about uncovered risks that might wreck a business.

Because we believe so thoroughly in the services of an expert middleman, whether retail furniture dealer, insurance agent or broker, we refuse to accept business direct because it is not in the interest of the Company or the assured to do so. When you buy National Surety Fidelity Bonds, Surety Bonds, Burglary or Forgery Insurance through your local insurance agent or broker, you deal with a customer and friend who is a fellow member and supporter of the American Business System.

● This is a reprint of an advertisement of National Surety Corporation which appeared in the National Furniture Review. It was directed to the retail furniture dealers in your city.

This advertisement has also appeared in a long list of banking and financial publications. It is an effective sales help to our agents and another proof of our belief in and support of the American Agency System as a part of the American Business System.

NATIONAL SURETY CORPORATION

VINCENT CULLEN, President

Stock-Mutual Battle on Compensation

(CONTINUED FROM PAGE 19)

April 16, involving a graded expense loading for policies with premiums in excess of \$5,000. The actuarial committee of the board divided 4 to 4 on a motion to adopt a resolution making the proposal effective and voted to refer the matter to the governing committee to resolve the tie. The governing committee refused to resolve the tie and voted merely to refer the proposal to the insurance department at the hearing.

Shift From Expense to Loss

The graduated expense proposal contemplates that the assessment of the labor department that is levied on the insurance companies on the basis of paid indemnity losses be incorporated in the rating structure by means of a loading on the incurred indemnity losses. At present this is incorporated as a loading in the expenses. If the change were made, the companies could retain the present 40.2 percent expense loading, with a different distribution of its parts.

Without such compensating feature, there would be an over all increase in the premium level, so the plan incorporates a discount factor to policy premiums in excess of \$5,000. This recognizes a 50 percent cut in the percentage provision for acquisition, home office administration and payroll audit expense. The combined effect of the reduction is 13.6 percent applicable to premiums over \$5,000.

The proposed retrospective rating change embraces a reduction in the so-called basic premium, an increase in the loss conversion factor from 1.18 to 1.21, a reduction in the charges for waiver of retrospective premium in excess of standard premium and a reduction in the maximum premium percentage on risks in excess of \$150,000.

Difference in Basic Premium

The proposed basic premium under the retrospective plan for risks with standard premium of \$25,000 and less is 24.5, as compared with 30 percent at present. For risks of \$50,000 standard premium, the proposed basic premium is 22.5 instead of 28.3; for risks of \$75,000, it is 21.5 instead of 26; for risks of \$100,000 it is 20.7 instead of 25.5; for \$150,000 risks it is 20.3 instead of 24; for \$200,000 risks it is 19.9 instead of 24; \$250,000, 19.5 instead of 24; \$300,000, 19.2 instead of 24; \$350,000, 18.9; \$400,000, 18.6; \$450,000, 18.3, and \$500,000, 18 instead of 24.

Here is an example of the practical application of the proposed program in comparison with the present formula. Take a risk with standard premium of \$50,000, and losses of \$25,000. Under the present program the basic premium is 28.3 percent of the standard premium or \$14,150. Application of the loss conversion factor of 1.18 produces the figure of \$29,500, which added to the basic premium produces a retrospective premium of \$43,650. Under the new plan the basic premium is 22.5 percent of \$50,000 or \$11,250. The higher loss conversion factor of 1.21 produces the figure of \$30,250 or a retrospective premium of \$41,500. That is a saving of \$2,150 in favor of the new plan.

Excess Over Standard

The maximum percentage on a risk in excess of \$150,000 is now graduated downward. Under the present scheme the maximum premium percentage is 1.25. For \$200,000 standard premium, the maximum under the proposed new plan is 1.21; for \$250,000 premium it is 1.18; \$300,000 premium, 1.14; \$350,000, 1.11; \$400,000, 1.07; \$450,000, 1.04, and \$500,000, no penalty at all.

Endorsement of the plan was voiced by George F. Sullivan, president of the General Brokers Association of Metropolitan District, who is also chairman of the joint rating bureau committee for four local associations of brokers; Albert

Dodge of Buffalo, chairman of the casualty conference committee of the New York State Association of Local Agents; M. A. Gessner, Insurance Brokers Association of New York.

Mr. Gruhn in seeking to discredit the plan, expressed doubt that graduation of rates by size of risks is in the public interest and that the New York law permits such procedure. He contended that the plan to reduce home office administration cost on risks of \$5,000 or more some 20 percent constituted unfair discrimination in favor of large employers.

M. L. Nathanson, representing the Brooklyn Insurance Brokers Association, recalled that in 1935 when the acquisition cost allowance was reduced from 17½ to 15 percent, the superintendent had stated that this was an emergency measure and that the producers would have to make some sacrifice.

Mr. Train carried forward Mr. Gruhn's attack on the stock company proposal as being against the interests of the little fellow. He pointed out that such a plan goes counter to the new deal philosophy.

Mr. Yount contended that the data from which the National Bureau justified its proposed graduation was stale and that new data should be gotten up.

Mr. Leslie suggested that the plan be adopted and then the department could call for experience at a future date to see if it was justified. He pleaded for approval on the ground that the condition that the program is designed to correct is constantly getting worse.

Mr. Leslie discussed the proposal to restore commission to producers to 17½ percent on risks up to \$5,000 in annual premiums and to graduate the administration of payroll audits expense on lines in excess of \$5,000. The assessment for the New York industrial commission should be treated as a loss factor for rate making purposes, he contended. The plan includes a proposal to allow a discount of 13.6 percent on all premiums above the first \$5,000. The discount would reflect a reduction of 50 percent in the acquisition cost factor and for general administration and payroll audit expense. On premiums over \$5,000 commissions to producers would be 5 percent, the general agents 8.75 percent and the provision for general administration and payroll audit would be 4.4 percent. Including the industrial commission assessment in the losses for rate making purposes would have the effect of increasing rates by 3.3 percent, he said, but this increase would be offset by the discount applicable to premiums in excess of \$5,000.

Mr. Pink asserted that the brokers took a fair and generous attitude in 1935 and he does not now desire to stand in their way of getting what is fair.

Mr. Gruhn voiced objection to the commission change as well. He contended this would merely be a shifting of costs from the large risks to the small ones.

Mr. Gruhn demanded that a public hearing be held but Mr. Cohen voiced objection to that, saying that the department and the producer were well qualified to represent the public. He contended that the mutuals fear that stock companies would get a competitive advantage if the proposals are approved.

It may be that New York is to be a proving ground for these changes and that they will later be extended to other states.

Continental Engineers Meet

The engineering department of Continental Casualty is holding its annual educational conference Thursday and Friday at the Stevens Hotel, Chicago. Fifty-five engineers, stationed in 25 cities, will attend. Among the speakers will be M. P. Cornelius, president, and Roy Tuchbreiter, vice-president.

Royal Indemnity has appointed Chris F. Keltch as production manager of its New York Metropolitan department.



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Premium Financing Increase Expected

A considerable increase in premium financing is expected in Illinois as a result of the truck regulatory act. The insurance provisions embrace all types of truck carriers, except governmental, and many producers will need financing facilities.

In many instances, finance companies report, individual premiums will not be large enough to make financing operations profitable. Usually a \$300 or \$400 premium is needed. To remedy this situation, producers are being urged to get insured to consent to having all their insurance coverages financed at the same time and as a unit. This eliminates a multitude of transactions and limits the number of payments which have to be made. Insured are said to be reacting very favorably to such an arrangement.

The 30-day notice of cancellation requirement in the Illinois act has made it necessary for finance companies to rearrange their methods. To protect short rate cancellation payments they will now require 30 percent down and the remainder to be paid over a seven months period. Heretofore 20 percent down payment has been required, with the remainder spread over a period of eight months. The new arrangement in Illinois is the same as is used in financing premiums for truckers engaged in interstate commerce.

It is understood that some companies which have their own financing arrangements intend to refuse to issue a policy until 20 percent of the premium has been paid. This is to protect to some extent against the possibility of giving free insurance should a policyholder cancel.

PERSONALS

The National Surety in one of its monthly bulletins featured **Thornton Seligman** of Albuquerque, N. M., who is president of the New Mexico Association of Insurance Agents. Mr. Seligman located in Albuquerque, going there from San Francisco where he had been in the insurance business for a number of years. He purchased the Berthold-Spitz agency in Albuquerque, one of the oldest in the state. He devotes his entire attention to his agency.

The Trinity Universal gave a big farewell party in Dallas for **W. R. Bagby**, secretary, who resigned recently to become sales manager of the Texas Fund, securities firm. He served Trinity Universal in field and underwriting capacities after joining it in 1927, was elected assistant secretary in 1930 and was made secretary in 1939. He was chairman of the governing committee of the Texas Automobile Insurance Service Office for three terms.

C. W. Fairchild of New York City, manager of the Association of Casualty & Surety Executives, will be in Chicago Thursday and Friday of this week.

DEATHS

W. O. Waters, treasurer and investment counsel of American Surety, died of a heart attack in the lobby of the Garden City (L. I.) Golf Club. He was 50 years old. Surviving are his widow, a son and two daughters. Born in Chicago in 1890, he was graduated from

Yale in 1913. Later he served upon the staff of the New York "Tribune." His connection with American Surety began in 1930, when he was elected its financial officer.

F. G. Smith of Hartford, 84, one of the oldest agents of the Travelers, both in age and length of service, died there. He had been active until the previous Saturday when he suffered a heart attack. He went with the Travelers in 1904 and in the 36 years wrote a large volume of casualty as well as life, accident and group insurance.

Earl J. Hood, 44, Toledo, O., with the Travelers there since 1932, and one of its leading salesmen of both life and accident insurance, died suddenly following an operation in which complications developed. He was formerly membership secretary of the Toledo chamber of commerce.

A. B. Funk, 86, died at Iowa Methodist hospital, Des Moines. He was best known for his administration as Iowa industrial commissioner, a position he held for 21 years up to July 1, 1937. In one capacity or another Mr. Funk served the state for 50 years. As industrial commissioner he set many precedents in settling claims under the workmen's compensation act, and was affirmed by the state supreme court in 78 percent of the cases appealed, despite the fact he took office without previous legal training.

Haines Again Heads Executives Body

(CONTINUED FROM PAGE 19)

Fairchild, Mr. Murphy, W. H. Bennem, American Surety; M. L. Lane, Lane Agency; W. T. Harper, Maryland Casualty; Averell Broughton, Broughton Advertising Agency; Mr. Ten Eyck, Mr. Proctor, Mr. Harvey, Spencer Welton, Massachusetts Bonding, and Mr. Dorsett.

The "Casualty & Surety Journal" is pocket size and consists of 64 pages of reading matter enlivened by illustrations.

Read "Fidelity & Surety Bonding" by G. R. Wentz. 400 pages. Price \$2. Order from National Underwriter.

Lists Dishonest Practices Employed by N. Y. Auditors

(CONTINUED FROM PAGE 20A)

come is materially affected by the loss of an old client or the gaining of a new one. Of necessity, many accountants in low income brackets are constrained to do the bidding of their employers or accept the alternative of losing the account.

A second type was the more seasoned auditor in fairly comfortable circumstances. When the client broaches such a proposition to him he will inform his client of several methods which could be used but refuse to make any entries or postings or check the fraudulent figures. His only concern was that the records which he audits be maintained in such fashion that he can disclaim responsibility for the fraud in event of discovery.

Exceedingly Dangerous Group

The third type was a small but exceedingly dangerous group who secured clients on the express representations that they could set up systems whereby they could safely cheat with respect to income tax, social security and compensation premiums.

Mr. Botein found that in some cases the assured, professing to know nothing about books of account, would have his accountant present when the fund auditor called. On a number of occasions the auditor and the assured's accountant consummated negotiations for the payment of a bribe and for the services which the auditor would render. It was customary for the auditor to turn over one-third of the bribe to the accountant for his services as an intermediary, usually without the knowledge of the assured. The fund auditors, questioned, stated that they did not begrudge splitting in this fashion, as they felt safer when dealing with a professional man.

Fred C. Kasten, son of **Frederick Kasten** of Blatz-Kasten Co., president Milwaukee County Board of Casualty & Surety Underwriters, a student at Rollins College, Winter Park, Fla., was awarded a private pilot's certificate after meeting requirements of the Civil Aeronautics Authority in flight tests.

Conventions

May 9-10—Alabama agents, Montgomery.
May 10-11—Arkansas Agents, Arlington Hotel, Hot Springs.
May 13-14—New York Agents, Hotel Syracuse, Syracuse.
May 14-15—Western Insurance Bureau, Chamberlain Hotel, Old Point Comfort, Va.
May 15-17—Texas agents, Rice Hotel, Houston.
May 17-11—National Fire Protection Association, Atlantic City.
May 16—Vermont Agents (Spring meeting), Montpelier.
May 16-17—Bureau of Personal Accident & Health Underwriters, Claridge Hotel, Atlantic City.
May 16-17—South Carolina Agents, Charleston.
May 20-22—National Association Independent Insurance Adjusters, Chicago.
May 21—Insurance group National Association of Credit Men, Royal York Hotel, Toronto.
May 21-22—Kansas field men, Lassen Hotel, Wichita.
May 21-22—Inland Marine Underwriters Association, Greenbrier Hotel, White Sulphur Springs, W. Va.
May 22—National Automobile Underwriters Association, Waldorf Astoria, New York City.
May 23—National Board, Waldorf Astoria, New York City.
May 23-24—Georgia Agents, Tybee Hotel, Tybee Island.
May 23-24—Nebraska Agents, Cornhusker Hotel, Lincoln.
May 24—Ohio agents, mid-year, Deshler-Wallick hotel, Columbus.
May 24-25—Oklahoma Agents, Enid.
May 24-25—Mississippi Agents, Buena Vista Hotel, Biloxi.
May 30-June 1—Virginia Agents, Cavalier Hotel, Virginia Beach.
June 4-5—Pennsylvania Insurance Days, Bellevue-Stratford Hotel, Philadelphia.
June 5-6—Tennessee Field Men, Mammoth Cave Hotel, Mammoth Cave, Ky.
June 6-7—National Accident & Health Association, Columbus, O.
June 10-12—Southeastern Underwriters Association annual meeting, Cavalier Hotel, Virginia Beach.
June 11—North Dakota Insurance Federation Annual Meeting, Devil's Lake.

H. V. Godbold, Jr., vice-president of the H. V. Godbold Company agency, Richmond, Va., has been in Chicago renewing old acquaintances. He was formerly with the Zurich there.

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ACCIDENT AND HEALTH

Chicago Men Will Conduct Milwaukee Meeting May 14

The Chicago Accident & Health Association will return the recent visit of the Milwaukee association May 14 and will have charge of the program at the luncheon meeting of the Milwaukee group that day at the Pfister Hotel.

R. B. Kegley, retiring president of the Chicago association, will have charge of the meeting. As the installation of the new officers of the Chicago association, each of them will be asked to speak very briefly on his ideas for the improvement and management of association affairs.

Rodney A. Kox, field assistant Travelers, specializing on accident insurance, will talk on "A Work Plan I'll Enjoy," and George Robson, Connecticut General Life, on "Accident and Health Insurance in the Life Program."

Following the luncheon, the Chicago guests will be taken for a drive about Milwaukee, with a stop at one of the city's famous breweries.

Medical Expense Fund Permit

Superintendent Pink of New York has given a permit to solicit subscribers to the Medical Expense Fund of New York, a non-profit medical indemnity corporation with offices at 122 76th street, Brooklyn. Fees to be paid by subscribers are on a graduated scale, depending upon the subscriber's income. The minimum annual charge will be \$9 and the maximum \$17.

Hospital Insurer Triumphs

ST. PAUL—The Minnesota supreme court has dismissed the plaintiffs' appeal of the suit brought by three subscribers against the Minnesota Hospital Service Association. Appeal had been made from the order upholding the demurrer entered by the hospital association.

The three subscribers sought to restrict the hospital association's mode of operation. The supreme court dismissed the appeal as being moot since none of the plaintiffs is a contract holder in the association at present.

A. M. Calvin, executive director, states that the association has paid out more than \$300,000 for the first three months of this year for hospital care.

Lay New Building Cornerstone

OMAHA — The cornerstone of the new Mutual Benefit Health & Accident and United Benefit Life building was laid in a two-hour ceremony with 600 in attendance. Dr. C. C. Criss, president, sealed the cornerstone with a silver trowel presented by employees.

Speakers hailed growth of the enterprise from a one-room beginning with only two officials and employees (Dr. and Mrs. Criss) to its present nationwide scope. Nearly 100 managers from all parts of the country attended. V. J. Skutt, vice-president of United Benefit, presided.

Speakers included J. L. Haugh, president Omaha chamber of commerce; Commissioner Neslen of Utah, president National Association of Insurance Commissioners; Insurance Director Smrha of Nebraska, Dr. T. R. Niven, pastor First Presbyterian Church; W. E. Cox, Kentucky-West Virginia manager; J. A. C. Kennedy, director of Mutual Benefit; Col. C. E. Forbes, secretary of Mutual Benefit, and Dr. Criss.

Ohio State's A. & H. Week Gain

The Ohio State Life's accident business in Accident & Health Insurance Week showed a gain of 45.4 percent over the previous week.

Willard Morris of the Columbus agency of the Ohio State was presented a silver cup for writing the largest number of accident applications in the Columbus agency in Accident & Health Week.

Illinois Agents Told of Accident-Health Possibilities

The increasing popularity of accident and health insurance and the possibilities it offers to fire and casualty producers were stressed by Harold T. Roos, production manager Massachusetts Bonding, Chicago, in his talk at the regional meeting of the Illinois Association of Insurance Agents in Galesburg.

"Policies today are of such flexibility," he said, "that it isn't a hard matter to provide those benefits best suited to an individual's needs. In selling coverage to fit the needs of your client—which is the only way to sell accident and health policies—it is essential to know his financial responsibilities and income. Business written this way usually remains on the books year after year." In that connection he listed some of the benefits and combinations of benefits that can be written.

He praised highly the work done by the companies in connection with The Accident & Health Review in publicizing Accident & Health Insurance Week and Hoodoo Day, Friday, the 13th. "It goes without saying that these special events have proven to be of great value to the producers and companies alike," he added.

Hospitalization Agency's Setup

COLUMBUS, O. — Reorganization plan for Hospitalization Agencies, Inc., of Cleveland, providing for \$50,000 in new capital and the transfer of all assets to a new company known as Lake Agencies, Inc., has been approved by the Ohio securities division, which stipulated that \$37,000 in sinking fund notes of the old firm be exchanged for preferred stock in the new, and that common stock be transferred similarly. Lake Agencies, Inc., is to assume all liabilities. The firms are sales agencies for the Mutual Hospitalization Association of Cleveland, which recently was involved in considerable controversy with the Ohio department.

North American's Conferences

The mid-west conference of the North American Accident will be held at the Elms Hotel, Excelsior Springs, Mo., June 20. It was originally set for June 7-8, but the dates were changed on account of the conflict with the meeting of the National Accident & Health Association. The eastern conference will meet about the middle of September, but the time and place have not been set definitely as yet.

The North American has registered an increase of about \$100,000 in premiums for the first four months, \$60,000 of it on full coverage policies.

Illinois Mutual Regionals

Several regional meetings have been scheduled by Illinois Mutual Casualty of Peoria with an attendance of about 50 expected at each. Round table discussions will predominate. There will be meetings at Vandalia, Ill., May 13; La Salle, Ill., May 20, and Logansport, Ind., May 27. The home office will be represented by E. A. McCord, president; C. C. Inman, vice-president; Miss G. P. Edwards, secretary, and E. B. Forsyth, manager of the claim department.

Boston Officers Made Permanent

BOSTON—Temporary officers of the newly organized Boston Accident & Health Underwriters Association, headed by W. A. Simmons, Loyal Protective Life, as president, have been made permanent.

Can't Place Accident Outside

COLUMBUS—Having learned that surplus line brokers licensed under Section 660 of the Ohio code have been placing accident insurance in unauthor-

ized companies, the Ohio department has announced it will not permit placing of lines of insurance not specifically authorized by statute with unauthorized companies. The law limits solicitation under such a license to fire, lightning, tornado, explosion, automobile or marine insurance on property in Ohio.

Compton Is Peoria Speaker

PEORIA, ILL.—D. E. Compton, Provident Life & Accident manager in Chicago and president-elect of the Chicago Accident & Health Association, will speak May 10 to the new Peoria Accident & Health Association on the "Job at Hand."

To Change N. Y. By-Laws

NEW YORK—As chairman of a special committee of the Accident & Health Club of New York, F. C. Cloose, Metropolitan Life, solicits suggestions for changes in the constitution and by-laws. All club members will be welcomed at the producers' banquet June 4.

Office space of the St. Paul division of the North American Life & Casualty will be doubled, E. J. LeClair, manager, announces. Growth of the health and accident branch of the business necessitated the enlargement.

SURETY

Municipal League Continues Study of Official Bonds

The American Municipal League, with offices at 1313 East 60th street, Chicago, is now pursuing farther its study of public official bonds. Martin W. Lewis, president of the Towner Rating Bureau, spent considerable time with the headquarters staff of the league when he was in Chicago recently and discussed a number of points.

Last fall the American Municipal League published a report on the subject. It contained certain conclusions that were felt to be indicated as a result of an extended field trip that was made by Hilliard Wilson, who subsequently went with the North Carolina Municipal League. He investigated the insurance practices of municipalities in many states.

Among the conclusions were that cities should take out new surety bonds for public officials each year rather than merely renewing existing bonds in order to get maximum protection over a period of years. The publication recommends that corporate surety bonds should be purchased rather than personal bonds; that the bond should be furnished by the municipality and paid

for out of municipal funds; that the city should bond only those officials and employees who handle either money or other valuable property which may easily be converted into cash and officials with statutory duties such as collection of taxes; groups of officials should be bonded by name rather than by the position they hold; the bond should be adequate but need not amount to more than the financial responsibility of the position.

The new study will go deeper into the subject.

American Municipal League gets out from time to time studies that are of particular interest to insurance. It expects shortly to publish the facts concerning the handling of municipal insurance in Winnetka, Ill., and Madison, Wis. Those two places have instituted administrative practices of which they are quite proud.

Trustee Can't Pay Premium

NEW YORK — Real estate men are disturbed by the decision of Supreme Court Justice Noonan that the managing agent of property in liquidation must pay the premium upon the fidelity bond required, and cannot pass the expense on to the trustee. The case was brought by the Brooklyn Trust Co. as trustee for a number of certificated issues of guaranteed mortgages. In effect Judge Noonan held that save in exceptional cases, where the managing agent receives the full commission, the trustee will not be allowed to pay out of certificate holders' funds the premium for the fidelity bond required of him.

A. L. Carr on Rural Possibility

Vice-president A. L. Carr of National Surety, will give an address on "Fidelity, Bonding and Surety Opportunities for the Rural Agent" at an agency gathering at Clinton, N. J., May 16.

Plan Junior Surety Association

LOS ANGELES—The possibility of the formation of a junior Surety Underwriters Association in Los Angeles was canvassed at the meeting of the Surety Underwriters Association of Southern California. President Walter Whitford appointed a committee to meet with the junior underwriters and look into the situation.

C. S. Filler has been appointed surety superintendent for the Portland, Ore., agency of Dooly & Co. He was Oregon special agent of American Surety, which position he resigned recently.

W. D. Bryson, manager of the Retail Credit Company in San Francisco for 12 years, and his wife were killed when a train hit the automobile in which they were returning from a trip down the San Francisco peninsula.

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Enlarging Field Is Seen for Burglary Insurance

It should be much easier to sell burglary insurance today than it was 10 or 15 years ago, John J. Moore, manager of the burglary department of the Fidelity & Deposit, Baltimore, told the Casualty & Surety Club of Buffalo.

"I am not being unmindful of the fact that competition is very keen and that during this time we have experienced a period of depression unequaled in the history of the country," Mr. Moore declared.

Public Is Crime-Conscious

"As my first reason for this statement, I submit that the American public is much more crime-conscious today than has ever been true in the past. It has not been so many years ago that efforts were made to cover up the depredations of that element of society which went about its assigned task of relieving by criminal means the other element of society of the worldly goods which that element has accumulated through honest endeavor.

"Today such an effort is not made. To the contrary, our daily papers and other periodicals, together with writers of fiction, motion picture producers, statistical wizards all combine to keep the actions of this group before the public eye." This has served to acquaint the insuring public with criminal conditions as they actually exist, he pointed out.

Broadening of Policies

"Accompanying this trend there has been a broadening of the various burglary policy forms and an elimination of numerous limitations, exclusions and other conditions which were in times gone by the bane of any claim man's existence. Considerable publicity has been given to these improvements, and they certainly could not have missed the eye of the insuring public generally.

"For example, consider the policy accounting for the largest premium volume and the most satisfactory experience—the residence burglary policy. That has now been broadened so as to include, among other things, 25 percent of the face of the policy to cover on property of guests and servants. It covers to the full extent of the policy on property outside the premises while within a vault leased or used by the assured.

"It covers within certain limits, in entrances, porches, basements and laundries and to a greater extent property within a garage, stable or outbuilding. The period of permissible vacancy has been extended. The war and insurrection exclusion clause has been eliminated. The definition of premises has been broadened and in other respects the policy has been simplified and extended."

In the mercantile field, Mr. Moore pointed out the changes which have been made in the various types of robbery policies. The hours of coverage have been eliminated. The age of a custodian has been deleted. Kidnaping coverage is extended without additional premium charge. Show-window coverage is extended while the premises are open for business. In addition to such extensions of coverage, there have been other changes in numerous types of policies, all having a tendency to broaden the coverage and eliminate cause for friction between insurance companies and their clients.

In the state of New York during the last five years the average residence

burglary loss has been \$162, Mr. Moore declared. Notwithstanding this low average loss, there were in that period thousands of losses where individuals were underinsured, he said. "During the last five years, bureau companies paid a total of 87,447 burglary claims and I do not think it excessive to estimate that at least 15 percent of those claimants were underinsured. If the true facts were known, that estimate would probably have to be revised upwards.

Danger in Limited Forms

"It seems to me that when an agent takes an order for a \$1,000 residence policy and a credit report indicates the assured is worth upwards of \$10,000, it should be a signal to him that the applicant has not sufficient coverage. In any event, it would do no harm to point

out to the assured the dangers incident to being underinsured."

Mr. Moore warned against the practice of trying to have individuals or business establishments already insured convert their insurance to some more narrow, restricted form, in order to make a sale. This is destructive action for the business as a whole, he said.

"On the other hand, I feel that there are fertile fields at the finger tips of all producers as respect policies of burglary insurance now on the books of all companies, and if those fields are properly developed the interest of present policyholders would be protected."

He pointed out the necessity of having the assured fully understand warranties in policies. He pointed out further that in most cases where interior robbery insurance is needed, messenger robbery and some mercantile safe burglary insurance also is needed.

"The completion of a proper cycle of insurance in every case where needed would certainly increase the premiums of the writing companies very materially," he concluded.

According to

PHIL

By Phil Braniff
Insurers Indemnity &
Insurance Co., Tulsa



Sunday will be Mothers' Day. You should have known my mother. She had a strong heart and strong hands which lost none of their feminine charm as she deftly cross-stitched a torn baseball or helped to adjust a bicycle tire. She could see through me as if I were a bay-window. (I know what you're thinking and I resent it! Besides, I've lost 16 pounds.) Every neighborhood dog knew our backdoor as a friendly portal and no mechanical problem was too intricate for her mysterious box of salvaged equipment. Her ingenuity was solicited in all our back yard inventions and she was a silent-partner in each of our enterprises. She was deeply interested in each thing we did. She saw all, heard all, knew all and said very little.

Once while she was upstairs in her sewing room, I told the family I would demonstrate her perfect hearing. On the downstairs telephone I asked central for a certain number which I knew my mother would have preferred I did not call. Then, after a conventional conversation, I lowered my voice and said, "I'd like to tell you but I think my mother is listening—" and mother promptly fell into the trap and said, "I am not listening!" after which she explained that she was just helping me put it over.

Then, there was the time I arranged to have written to me an amorous, perfumed letter, thanking me for beautiful pajamas which I had sent. When our letter arrived, we opened it and carefully laid it on the dresser where its pungent aroma would stalk the passerby. It took mother three days to decide that she must admit reading that letter in order to deliver a complete and comprehensive sermon on the snares and pitfalls of a young man who buys pajamas for other than himself, especially silk ones!

She was truly a wonderful woman. She had the knack of knowing how and what and when. Her pretty hands could soothe a racking pain or, when the occasion arose, could rack one with equal dexterity. She did not condone fisticuffs but recognized the futility of protest and administered to our blackened eyes with gentleness, accompanied by the admonition that it was obviously our own fault.

These are casual reflections. There must have been a million incidents which one by one occasionally flash across my subconscious perspective with pleasant recollection.

Talk to her Sunday. Write to her. Tell her she's tops. If she's not here to write to or talk to, there's something else you might do in her name. She would have liked that. Phil.

of the drive other car endorsement.

Q. The standard garage liability policy covers liability of the insured sales agency and repair shop on account of an accident caused by faulty repair work.

A. True: See insuring agreement 1 of the standard garage liability policy.

Q. An automobile liability policy provides concurrent or pro rata insurance for unnamed or omnibus insured in cases where there is another policy affording similar insurance.

A. True: See condition 9 of the standard automobile liability policy.

True-False Questions Test Knowledge of Producers

Questions on casualty insurance put by Donald M. Wood, Sr., Childs & Wood, Chicago, at the "information please" session of the Insurance Club of Chicago were:

Q. A safe burglarized by an employee of the insured is covered under a safe burglary policy.

A. True: Indemnity clause I covers forcible entry by any person or persons and nowhere in the policy excludes acts by employees.

Q. Jewelry stolen by an employee of a safe deposit company from a rented safe deposit box is covered under a residence burglary, theft and larceny policy covering jewelry.

A. True: Specifically provided for by indemnity clause II of the policy.

Q. An elevator with three landings and having a total rise of twenty feet is properly classified for elevator liability insurance as a one-story elevator.

A. True: See page 26 of the elevator manual.

Q. The manual provides, as respects elevator public liability and property damage insurance, for a reduction of 10 percent for elevators equipped with properly installed approved hoist-way door interlocks.

A. False: The 10 percent reduced rate does not apply to property damage insurance but it does apply to bodily injury insurance. See page 26 of the elevator manual.

Q. The rates for owners', landlords' & tenants' liability insurance on restaurants contemplate coverage for the consumption of food on the premises of the insured but not away from the premises.

A. False: See page 53 of the O. L. & T. manual.

Q. The rate for owners', landlords' & tenants' liability insurance on a private residence contemplates coverage of the insured's private garage located away from the residence premises and there is no additional premium charge required therefor.

A. True: See page 51 of the O. L. & T. manual, paragraph (b).

Q. The standard workmen's compensation and employers liability policy covers loss by reason of liability imposed upon the insured by law for dam-

ages on account of injuries to employees wherever they may be in the United States provided such employees are not illegally employed.

A. True: See insuring agreement I (b) of the standard compensation policy.

Q. If the executive officer of a corporation insured for compensation spends part of his time in office work and part of his time in shop work, his entire payroll must be included at the rate for the higher rated shop classification.

A. True: See page R14 of the compensation manual, paragraph 5.

Q. If the premium under a compensation policy based on remuneration of employees is \$495, the insured must pay in addition thereto the loss and expense constants specified in the policy.

A. False: See page R11 of the compensation manual, paragraph 3.

Q. If the highest rated classification carries a payroll of \$400, the minimum premium under a compensation policy is computed at 50 percent of the total of the minimum premium for such highest rated classification and the minimum premium for the next highest rated classification.

A. True: See page R12 of the compensation manual.

Q. The legal liability of a school operated for profit for damages on account of bodily injuries is the same as that of a school supported by charity.

A. False: A school supported by charity is an eleemosynary institution and as such is free from liability for such damages. See Parks vs. Northwestern University in 218 Illinois 381.

Q. An owners' or contractors' protective liability policy does not cover the liability of the insured for accidents caused by automobiles operated by independent contractors or sub-contractors.

A. False: See condition 3 of the policy and page 115 of the manual.

Q. The drive other private passenger automobiles endorsement provides excess insurance for the wife of the insured while driving a friend's automobile in connection with which there is an automobile policy extending coverage to her.

A. True: See paragraphs (1) and (c)

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Totals Are Given on Illinois Operations

The Illinois insurance department, in its preliminary report on fire and marine companies, shows that Illinois stock companies had \$736,495 in net direct premiums written in Illinois last year and net premiums written \$576,380. Net losses paid were \$188,108. The other state companies in net direct premiums reported \$47,754,195 in Illinois and net premiums \$46,048,083 with net losses paid \$19,002,719. The foreign companies showed in net direct premiums written \$6,258,635 and net premiums \$6,698,837 with net losses paid \$2,581,403.

The Illinois general mutuals show \$3,053,407 net direct premiums written, \$2,484,385 net premiums and net losses \$831,016. The outside mutuals showed \$3,068,276 net direct premiums, \$3,834,900 net premiums, \$1,280,482 losses.

The Illinois reciprocals showed \$130,510 net direct premiums, \$150,570 net premiums and \$20,910 net losses. The outside reciprocals showed net direct premiums \$201,537, net premiums \$183,081, and net losses \$29,572.

That makes a total of Illinois premiums \$61,863,135 net direct premiums, \$61,916,485 net premiums and \$25,531,796 net losses paid.

This is the first year that the annual statement blank for fire companies has included an entry "net direct premiums written." This entry does not appear for the nationwide business of the company, but merely for each individual state. "Net direct premiums" consists of gross premiums on direct business less return premiums. Separate entries are required for the individual state experience for reinsurance assumed and for reinsurance ceded. Net premiums written consist of net direct premiums, less reinsurance ceded plus reinsurance assumed.

Region 5 Program Is Announced

SPRINGFIELD, ILL. — Attendance of about 250 agents from 20 downstate Illinois counties is anticipated at the first annual meeting of Region 5 of the Illinois Association of Insurance Agents, to be held in St. Nicholas hotel here May 23. The program of morning and afternoon sessions includes discussion of technical problems, four luncheon conferences, and a banquet at which A. T. Gordon, Springfield, legislative

secretary Illinois Manufacturers Association, will discuss "War Is Here?" comparing the collectivist movement with the capitalistic system.

L. E. Head, Springfield, president Insurance Agents Association of Springfield; Lyle H. Gift, Peoria, president Illinois association, and Ross L. Weller, Springfield, vice-president of Region 5, will be on the program.

Committees Handling Event

The committee on arrangements includes Mr. Head, Caspar Brown, Alex Connolly, Russell Sprouse, and H. H. Weber, and the committee in charge of the meeting includes Mr. Weller, Montgomery Nicholson, Decatur; W. McCullough Winters, Quincy, and A. L. Kane, Litchfield. The program is:

Morning Session

"The Insurance Short Course at the University of Illinois," Frank Smith, Urbana, chairman legislative committee Illinois association.

"Business Interruption Insurance," W. S. Ellis, Chicago, assistant branch manager Royal-Liverpool groups.

"Insuring Forms—Fire and Allied Lines," H. O. Snediker, of the Western Actuarial Bureau, Chicago.

"Why Should Agents Organize?" A. S. Keys, Springfield, national councillor and past president Illinois association.

Luncheon conferences:

"Farm Insurance Problems," W. R. Sickafus, Springfield, farm special agent Aetna Fire.

"Inland Marine Forum," Stanley Bodman, St. Louis, state agent Marine Office of America.

"Fidelity and Surety Forum," R. F. Munsell, Chicago, superintendent surety department Columbia Casualty.

Round table on revised HOLC insurance agreement with Stock Company Association, Cecil Thomas, Springfield, of R. W. Troxell & Co., and Ben Thomas, of Weller, Thomas & Campbell.

Afternoon Session

W. McCullough Winters, Quincy, chairman casualty and surety committee Illinois association, presiding.

"Potential Value of Local Boards to Municipalities," L. H. Glens, Springfield, Illinois Municipal League.

"Streamlining the Sale," Willis Van Pelt, Chicago, insurance finance division First Bancredit Corporation.

Debate—"Resolved, that pedestrians are more responsible for pedestrian accidents than are motor car drivers," staged by safety debate team of the office of E. G. Hughes, secretary of state.

"Pointers for Insurance Sellers," L. E. Morris, Collinsville.

"What's New in the Casualty Business," R. H. Ramey, Peoria, manager Travelers.

Regional Forum at Council Bluffs; Next at Burlington

The first of a series of regional insurance educational forums sponsored by the Iowa Association of Insurance Agents, was held at Council Bluffs with more than 100 in attendance. Leon E. Morse, Council Bluffs, regional vice-president, presided.

R. W. Forshay, Anita, national councillor, spoke on "New Ideas in Farm Insurance" and then led a round table discussion on rural insurance problems. C. Moriarty, Des Moines manager U. S. Fidelity & Guaranty, discussed casualty problems and W. H. Bock, Omaha manager Fidelity & Deposit, spoke on fidelity and surety bonds. D. L. Fischer, Des Moines, state agent Fidelity & Guaranty Fire, led the discussion on marine and automobile insurance. Claude W. Borrett, Hanover, Des Moines, spoke on fire forms and coverages.

The second forum will be held May 16 at Burlington, with E. C. Cady, executive vice-president, presiding. Talks

will be made by E. B. Gnahn, credit manager Chitenden & Eastman Company, Burlington, on "Business Needs Insurance;" E. A. Smith, Des Moines, special agent America Fore, "New Ideas in Farm Insurance;" Eugene Smith, Des Moines, Hartford Accident, "Modern Casualty Insurance;" Carl C. Riepe, Burlington attorney, "Local Agent's Service to His Community;" Fred C. Meister, Des Moines, Iowa manager Travelers Fire, "Fire Forms and Coverages Today;" J. H. Marshall, Massachusetts Bonding, Des Moines, "Fidelity and Surety Bonds;" L. K. Taylor, Des Moines, Commercial Union, "Marine and Automobile Insurance," and John S. Cutter, secretary-treasurer Iowa association, "Why the Iowa Association of Insurance Agents."

Northwest Fire School May 15-17

MINNEAPOLIS — Arson evidence, rural fire equipment and multiple dwelling hazards will be among the topics at the northwest fire school at the University of Minnesota May 15-17. Speakers include H. V. Hims, deputy state fire marshal; Sanford Herberg, engineer Fire Underwriters Inspection Bureau, Minneapolis; Leonard Lund, deputy insurance commissioner; John Townsend, National Board, Chicago, and various Minnesota fire chiefs. Talking pictures will be provided by the Western Actuarial Bureau.

C. A. Moore Names Aids

C. A. Moore & Associates, Springfield, Ill., adjusters, have opened an office at Centralia, Ill., in charge of R. L. Lynch. He will supervise the southern part of the state. Mr. Lynch was formerly head of the East St. Louis, Ill., office. R. L. Wood is now manager at East St. Louis. G. W. Brehm, formerly at the Marion, Ill., office, is now associated with Mr. Wood at East St. Louis.

James H. Harris is appointed manager at Marion.

General Gets Omaha School Line

OMAHA — Contract for \$8,547,000 fire and tornado insurance for five years on 60 public school buildings and contents was awarded to the J. H. Evans agency by the board of education on its bid of \$27,991, whether paid in single or five annual installments. The insurance will be written in the General of Seattle, with agreement that reinsurance be in American companies only. The bid of the Omaha Association of Insurance Agents was \$28,974 for a single premium and \$30,905 if paid in five installments. The Associated Mutuals group bid \$32,826 on single and \$33,076 on five premium installments.

Smith and Smith Minn. Speakers

DULUTH, MINN. — Two speakers have been announced for the annual meeting of the Minnesota Association of Insurance Agents here Aug. 22-23. They are President Sidney O. Smith of the National association and C. H. Smith, Hartford Fire, Chicago, newly-elected president of the Western Underwriters Association. Several other nationally known insurance men have announced they will attend. The executive committee of the state association is to meet May 24 to check on the annual meeting plans.

Stock Agents Hold Public Lines

After a successful fight by the Kenosha Association of Insurance Agents to retain the business for local agents of stock companies, the board of education of Kenosha, Wis., voted to renew the expiring one-third of the coverage on school buildings and contents instead of changing over to the state fund. The amount is \$871,774 and the premium \$3,500. The insurance board handles

the policy, with the premium divided pro-rata among member agents.

Renewal of fire insurance on the city hall at Waupun, Wis., and contents with 14 local agents of private companies has been approved by the council after turning down a proposal to switch to the state fund. Clarence Boe, Milwaukee, special agent Travelers Fire, pointed out the advantages of stock company insurance over state fund coverage in the various services offered.

Landers & Landers Get Berkshire

Landers & Landers have been appointed general agents of the Berkshire Life at Indianapolis, succeeding J. A. Sturdyvin. The agency has a large fire and casualty business and is well known throughout the state.

Garrett Office in Des Moines

Garrett, Inc., of Kansas City is opening an office in Des Moines with Lawrence Ramsey, Iowa state agent, formerly in Cedar Rapids, in charge. The office in Cedar Rapids is being continued.

Buyers Conference in K. C.

KANSAS CITY — A panel discussion on all types of property insurance will be held by the Insured Buyers Conference of the Associated Industries of Missouri here May 21. Leading the discussion will be Moulton Green of R. B. Jones & Sons, J. J. Krauss, manager Associated Industries insurance department, St. Louis, and M. S. Harlan, assistant manager of the Travelers here.

Storm Losses in Large Area

Loss in the series of storms that have occurred in the past few days stretching principally to Kansas, Missouri, Illinois, Indiana and Kentucky is estimated at perhaps as much as \$150,000. It is estimated there will be some 3,000 losses altogether. The average loss is small except in the neighborhood of Cape Girardeau, Mo., where some losses in the neighborhood of \$1,500 have been reported.

Two Big Minneapolis Losses

MINNEAPOLIS — Two fires in and around Minneapolis within 30 hours of each other promise to cost insurance companies upward of \$500,000. The Minneapolis-Moline Implement Co. fire at Hopkins, a suburb, caused a loss close to \$500,000 while the Minneapolis House Furnishing Co. fire the following day is expected to run close to \$200,000 loss.

There was \$350,000 insurance on the buildings and contents involved in the Minneapolis-Moline fire, exclusive of U. & O. It was all handled through Marsh & McLennan and distributed among Fidelity-Phenix, North River, National Union, St. Paul, Sun, Hartford, North America, National, New York Underwriters, North British.

Half a dozen firms were involved in the fire in the Minneapolis loop but the Minneapolis House Furnishing Co. was the heaviest loser. This company carried a limit of \$65,000 on its merchandise under a monthly reporting form. The insurance was placed by the Conroy-MacLennan agency, Minneapolis, and distributed among Agricultural Security of New Haven, State of Penn., American, and North River.

Vernor to Speak in Wichita

WICHITA, KAN. — William Piper, Jr., of the Dulaney, Johnston & Priest agency, chairman of the fire prevention committee of the Wichita chamber of commerce, has arranged a luncheon meeting May 22, to be addressed by R. E. Vernor, Western Actuarial Bureau, Chicago. Members of the Kansas Fire Prevention Association who will be

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in Wichita for their annual meeting, Wichita Insurors and various civic and women's clubs will participate. An attendance of at least 400 is expected.

Mr. Vernor will present to Wichita the honor award in the 1939 fire waste contest. It has won an honor award for 11 consecutive years with one exception.

Arkansas City Agency Entertains

Following the midyear meeting of the National Association of Insurance Agents in Wichita, the R. D. Anderson agency of Arkansas City, Kan., entertained a number of home office executives and field men at a cabin party at "Boggs Cabin" on the river some 15 miles east of Arkansas City.

Among the company men present were Leonard Peterson, secretary, and Ivan Escott, vice-president, and Dan Layton, marine manager of Home; E. A. Henne and J. H. Macfarlane, American Fore.

N. D. Federation Meets June 11

The Insurance Federation of North Dakota will hold its annual meeting in Devils Lake June 11. R. E. Vernor, Western Actuarial Bureau, Chicago, will be the main speaker, and will show a movie. Other speakers will discuss matters of interest to agents. H. W. Montgomery, Minot, will preside as president. O. J. Trimble of Devils Lake is secretary-treasurer.

NEWS BRIEFS

The Insurance Buyers Association of Minnesota will conclude its series of dinner meetings in Minneapolis May 9 with a talk by W. F. Somerville, assistant secretary, St. Paul-Mercury Indemnity. Six meetings have been held and nearly every phase of insurance covered.

The Twin City Mutual Insurance Club was addressed by J. D. Holtzermann, Minneapolis importer.

A series of seminars for agents of State Farm Fire in the Dakotas is being conducted this week under the direction of A. W. Palm, insurance director, of the South Dakota Farm Bureau Federation, with Chas. D. Geib, agency supervisor from the home office, in charge. Meetings are being held in Rapid City, Huron, Sioux Falls, South Dakota, and Bismarck, Grand Forks and Jamestown, North Dakota.

This week's meeting of the Insurance Women of Wichita was devoted to a discussion of accident and hospitalization insurance. A number of members are planning to attend the insurance women's convention in Denver June 21-23.

W. H. Berry, Milwaukee, state agent America Fore, Continental, addressed a meeting of local agents in Appleton, Wis., on "Recent Changes in the Rule-book," following the monthly dinner of the Appleton Insurance Board.

Frank Hoffman of the Lindstedt-Hoffman Co. agency, Manitowoc, Wis., has been named as chairman of the diocesan organization for the fund campaign for St. Norbert College of De Pere, Wis., by Bishop Rhode of Green Bay.

D. B. Mitchell, head of the Valley Agency, Hutchinson, was named president of the Kansas State Building & Loan League at its annual meeting in Wichita.

J. A. Welch of the Welch & Kabler agency, Kingman, Kan., has announced his candidacy for the Republican nomination for governor.

R. A. Haines, Augusta local agent and president of the Prairie State Bank of that city, presided at the annual meeting of the Kansas Bankers Association in Wichita as president of that association.

J. M. Volk is celebrating his 30th year in the C. C. Shanklin Company agency, Cleveland, having entered the insurance business with the late Charles Shanklin.

About 400 attended the dinner meeting following the inspection of Clay

Center by the Kansas Fire Prevention Association, addressed by Bert Mitchner, state director of revenue and taxation, former Hutchinson local agent and a past president of the Kansas Association of Insurance Agents.

R. I. Safely, local agent Cedar Rapids, Ia., who for 50 years has represented London & Lancashire, was given a breakfast party by C. G. Robertson, agency superintendent London & Lancashire in Chicago. He was awarded a 50 year service certificate and presented a portable radio.

C. E. Funk, of Hays, Kan., was convicted in Ellis county district court of embezzlement of funds from Minnesota Implement Mutual Fire. He was found guilty of embezzlement of \$571 alleged to have been paid to him by R. C. Gugler and of embezzlement of \$55 alleged to have been paid to him by H. J. Dreiling.

Miss V. J. Lind, chief clerk at the Omaha branch St. Paul F. & M., completed 35 years' continuous service May 1. A birthday party was held at the home of Charles D. Hohaus, special agent, attended by the entire Omaha personnel.

J. R. Graham, manager U. S. Aviation Underwriters, Chicago, will speak at the May 14 dinner meeting of the St. Paul Association of Insurance Women. The women will be hosts to their bosses at this dinner.

George L. Beare, Sandusky, O., local agent, has been elected president of the Civic Music Association there.

Malcolm Hutchison, Jr., Antigo, Wis., local agent, and who acquired the Freiburger Agency some time ago, has purchased the Lyle Cannon agency.

D. E. Powless has purchased the agency of Warren Schwochow at Fremont, O. He is the son of R. E. Powless, former local agent in Fremont, but now of Pemberville. Mr. Schwochow has gone with the Beacon Mutual Indemnity in Columbus.

Harold E. James has purchased the Stake & Van Horne agency, Williamsburg, Va.

Sulphur Springs Exchange Elects

The newly organized insurance exchange at Sulphur Springs, Tex., has named C. H. McCorkle, president; Myrtle Henderson, secretary; W. D. Smith, D. E. Magrill and Minnie Lee Connor, executive committee.

IN THE SOUTHERN STATES

Alabama Meeting Now in Full Swing

MONTGOMERY, ALA.—At the annual meeting of the Alabama Association of Insurance Agents being held here



FRANK N. JULIAN

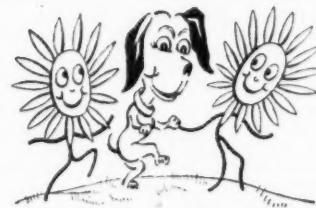
this week, presided over by J. F. Bullock of Mobile, the general talk is that Charles Morris of Duckworth-Morris Insurance Agency of Tuscaloosa will probably be the next president. He, by the way, is a partner of J. A. Duckworth, former state president and one of the agency leaders in his section.

The invocation was given by Dr. D. P. Slaughter, presiding elder Methodist Church, Montgomery. City Commissioner Screws gave the welcome and was responded by G. H. Butler of Anniston. President Bullock gave the report of the administration. E. G. Darling of Birmingham, state agent Aetna Fire, brought the greetings of the field club, he being president. Commissioner F. N. Julian

was toastmaster at the annual banquet. During the convention it is expected that Governor Dixon will convey his greetings. Insurance Superintendent Julian of Alabama is always on hand at these annual conventions. The three guest speakers aside from these will be J. H. Hines of Atlanta, manager Crum & Forster; L. P. McCord of Jacksonville, Fla., chairman educational committee National Association of Insurance Agents, and Payne Midyette of Tallahassee, Fla., national vice-president.

Complete Program for Oklahoma

H. P. Frantz of Enid, president Oklahoma Association of Insurors, has announced the completed program for the annual meeting to be held in that city May 24-25. On the morning of the first day the invocation will be given by Dr. T. H. McDowell, pastor of the First Presbyterian Church. John Bowers, president Enid Insurance Exchange, will give the address of welcome and President Frantz will make the opening remarks. Clifford Wetzel, Ponca City, vice-president and executive committee chairman, will present the report of the administration. C. C. Day of Oklahoma



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City, general agent Pacific Mutual Life, well known speaker at life insurance conventions, will talk on "We Stand Together." Commissioner Jess G. Read will give a talk and A. F. Burbridge of Little Rock, assistant cashier of the Union National Bank, will speak on premium financing.

At the afternoon session, President M. T. Jones, Kansas City Fire & Marine, will have as his subject "The Practical Side of Competition." L. E. Antene, assistant manager Oklahoma Inspection Bureau, Oklahoma City, will describe the service of the bureau. L. W. Garlich, St. Joseph, Mo., member of the National association executive committee, will represent that body and give one of the main addresses. J. D. Hall, assistant agency director at the head office of the United States Fidelity & Guaranty, will also speak at this session. T. F. Gafford of Sulphur Springs, Tex., who has retired as special agent of the Hartford Fire, will speak on "Highlights of My 50 Years in the Insurance Business." C. H. Kelly of Oklahoma City, state agent of the Home, will discuss "Cooperatives." Jack Adams of Oklahoma City will give a talk on the Stock Company Council.

The annual banquet will be held in the evening followed by a floor show. Final session will be held the morning of May 25, which will be executive. M. L. Sumner of Oklahoma City, secretary, will give his report and there will be other reports and discussions followed by the election of officers.

On the afternoon of May 24, a tea will be given for the ladies attending the convention at the home of President H. P. Frantz. The Oklahoma association has been growing steadily during the year. It has over 250 members, having received more than 50 new applications during the last 90 days. Paul J. Slater, America Fore, will conduct a question and answer forum Friday afternoon.

Ackerman Directs Florida School

TAMPA, FLA.—Prof. L. J. Ackerman of the University of Newark is preparing the outlines of courses for the fourth annual short course sponsored by the Florida Insurance Agents Association, in conjunction with the extension division of the University of Florida, at Hollywood Beach Hotel, Hollywood, Fla., July 10-13. Professor Ackerman will teach the courses. Dean L. P. McCord is director of the school.



L. J. Ackerman

Speakers lined up so far include Roy A. Duffus, Rochester, N. Y.; Oscar Beling, of the Royal Liverpool group, New York and M. W. Mays, acting director B. D. O., New York.

A course of interest to employees is being worked out. There will be four or five courses from which individuals may make a choice. This will afford more discussions, questions and answers and enable each instructor to go into his subject more fully than in the sessions of the past.

Dean McCord proposes to emphasize the sales standpoint, agency management and office routine. For the first time there will be an attempt to map a comprehensive course of inland marine insurance, now one of the fastest developing lines of the business, and regarded as the most promising source to which the agent may look to make up for declining fire insurance premiums.

Tennessee Program Completed

CHATTANOOGA, TENN.—President W. D. Pettigrew, Knoxville, and Mark Bradford Sr., Nashville, temporary manager, met with Herbert Spencer, W. S. Keese, Jr., and Stanley Lachman of the Chattanooga Insurance Exchange, here and completed the program for the annual meeting of the Tennessee Association of Insurance agents here June 13-14. The program will be released soon. Mr. Lachman has been named chairman of the entertainment committee.

An association manager will be employed at this meeting. Two candidates are said to be receiving special consideration.

Wedemeyer State Agent and Awtry Manager in Texas

Garrett, Inc., of Kansas City, general agent Central States Fire and Mid-America Casualty in Texas, is opening a service office in San Antonio, under the supervision of Norman Wedemeyer, who will act as state agent. Mr. Wedemeyer is a native of San Antonio, and has been local agent, field man and branch manager. He will have charge of the south Texas territory.

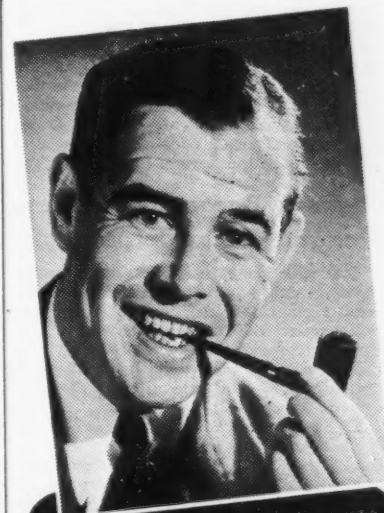
H. E. Awtry, formerly with American Fidelity & Casualty in Dallas, Southern Surety in Los Angeles, and a general agent in California, has joined Garrett, Inc., as manager of the Dallas

service office. He is a native Texan and was educated at the University of Texas.

South Carolina Program for Agents' Convention

The program for the annual meeting of the South Carolina Association of Insurance Agents at the Francis Marion Hotel, Charleston, May 16-17 is announced. The program will start in the afternoon May 16 with J. M. Richardson, Hartsville, presiding. Frank Schachte of Charleston will give the address of welcome and J. H. Woodside of Greenville, former president, will respond. Insurance Commissioner Sam King will talk, as will J. R. Jones, commissioner of agriculture. Payne Midyette of Tallahassee, vice-president, will represent the National association. R. H. Bland, chairman of the board of the U. S. Fidelity & Guaranty, will speak, as will Ralph Bugli of New York City, advertising manager of the London Assurance. There will be a banquet in the evening.

The session on Friday will be executive, reports being made from President Richardson, Secretary J. T. Hudson, Manager H. A. Brown. In the afternoon there will be an address by Julien



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Dayton, Ohio

An Independent Ohio Company with
current surplus to policyholders of
\$1,109,183.00

H. Harvey of the National Conservation Bureau at New York City.

On the first afternoon there will be a boat trip for the ladies around Charleston harbor and up Cooper and Ashley rivers. On Friday there will be a sight-seeing trip, the morning for the ladies and in the afternoon for all comers who will go to see the Santee-Cooper project.

Cravens, Dargan & Co. Form Mortgage Loan Corporation

Cravens, Dargan & Co. of Houston have formed a mortgage loan corporation, Gulf Coast Investment Corporation, under the management of Elmo Corbell to make loans under the Federal Housing Administration to help local agents retain control of insurance on new construction.

Kemp S. Dargan is president of the corporation; Rorick Cravens, G. M. Easley and Mr. Corbell, vice-presidents; J. L. Alexander, Jr., secretary, and B. B. Yeager, assistant secretary. Mr. Yeager, who formerly was in the banking business in Houston and has been office manager of the Houston office of the Federal Housing Administration for 18 months, will be first assistant to Mr. Corbell.

Mr. Corbell was formerly in the banking and local agency business in west Texas. He has been a special agent for Cravens, Dargan in Lubbock since 1936.

Mississippi Mutual Agents Elect

JACKSON, MISS.—Mississippi mutual agents at their business meeting here elected L. H. Cotton, Jackson, president; W. H. Sparrow, Hattiesburg, first vice-president; C. B. Ditto, Greenwood, second vice-president; Craig Reynolds, Jackson, secretary-treasurer; W. R. Caston, McComb; George Ratliff, Jackson, and H. G. McGee, Jackson, directors.

Mr. Ratliff is retiring president.

Birmingham Reduction Sought

BIRMINGHAM, ALA.—A campaign for lower fire insurance rates in Birmingham has been inaugurated by E. L. Connor, commissioner of public safety, who said he was arranging a conference with the Southeastern Underwriters Association. He said the city will install 500 new fire plugs in the next five months, of which 100 already have been ordered; that \$108,000 worth of fire equipment has been purchased and the water supply is now tied in with the new \$7,000,000 industrial water supply, which is a guarantee against a water shortage.

A 16 percent reduction was secured recently in placing \$5,000,000 of coverage on schools and other city property, and Mr. Connor wants this reduction extended to the public.

Byrd on Virginia Program

Senator Harry F. Byrd has been added to the list of speakers for the annual meeting of the Virginia Association of Insurance Agents at Virginia Beach May 30-June 1. Other speakers will be Sidney O. Smith, Gainesville, Ga., National Association president; Vincent Cullen, president National Surety, and F. W. Potter, field supervisor Aetna Casualty.

Directors of the association at a meet-

Warren Agent in Charge of the Arkansas Meeting

At the annual meeting of the Arkansas Association of Insurance Agents to be held Friday and Saturday of this week in Hot Springs, L. H. Derby of Warren, the president, will be in charge. Mr. Warren is one of the wheelhorses of the organization. He conducts his agency under his own name. The Arkansas agents always give a good account of themselves. C. C. Mitchener of Marianna is secretary and Pinchback Taylor, Pine Bluff, national councillor.



L. H. Derby

ing in Richmond presented a silver cup to B. B. Burroughs of Norfolk, top man in the recent membership drive. President Stuart Ragland made the presentation.

Tennessee Mutual Agents Elect

NASHVILLE, TENN.—The Tennessee Association of Mutual Insurance Agents at its annual meeting here elected these officers: President, E. R. Sloan, Sloan-Hill, Chattanooga; vice-president, Wayne Barker, State Automobile, Nashville; secretary, James Underwood, Columbia. Will Hall of Jackson, retiring president, presided. About 75 agents attended.

Hankins with West & Co.

J. W. Hankins, formerly with Francher, Rupe & Francis of Seymour, has been named special agent for Floyd West & Co., Dallas, in west Texas.

Would Merge Two Organizations

NEW ORLEANS—Merging of the Louisiana Insurance Commission, which regulates fire and windstorm insurance, and the Louisiana Casualty & Surety Rating Commission into a single regulatory body will be sought by the Policyholders Mutual Protective Association from the legislature in its May session, T. E. Brennan, president, announced.

Allot Florida Firemen's Tax

TALLAHASSEE, FLA.—Commissioner W. V. Knott announces allotments of \$21,694 in firemen's relief and pension funds from the 1 percent premium tax. Jacksonville leads in amount allotted, \$3,893.

The latest reports indicate that the insurance loss at Ferrum, Va., where a business block was destroyed by fire, will amount to between \$12,000 and \$15,-

000. There was an early estimate that the loss would amount to as much as \$250,000.

The Fort Worth Insurance Exchange will have its annual party at the country home of M. H. Kennady of Harrison, Kennady & Co., June 1.

Hughes P. Walmsley is now associated with R. M. Walmsley Agency, New Orleans, of which his brother is head. For some years he has been with an investment firm there.

J. C. Bradford and Paul M. Davis of Davis, Bradford & Corson, Nashville, were presented gold wrist watches by State Agent Paul Eldridge, Jr., in recognition of more than 25 years representation of Niagara Fire.

The Chattanooga Insurance Exchange has supplemented the insurance section of the Chattanooga public library with several new books on insurance.

Miss Betty West, daughter of O. H. West, manager of the Virginia Association of Insurance Agents, was queen of the May festival at Hollins College. Her father made a special trip to the college to witness the festival.

City Insurance Company of Fredericksburg, Va., has been incorporated with maximum capital limited to \$15,000. Gordon E. Heath is president.

Carlos Campbell, Knoxville, Tenn., local agent, has been elected secretary of the Great Smoky Mountains Conservation Association.

E. P. Goetzinger, Texas special agent for Indiana Lumbermen's Mutual, has changed his office from the Great National Life building to 500 Stewart building, Dallas.

COAST

Leland Stanford Insurance Course Has Strong Speakers

SAN FRANCISCO — Speakers who have appeared so far before the graduate school of business of Leland Stanford University in the section on insurance principles and practice are J. B. Levison, chairman Fireman's Fund; S. L. Carpenter, Jr., Pacific Board; G. L. Levison, Levison Bros.; G. K. Smith, Inland Marine Underwriters Association; B. G. Wills, vice-president Fireman's Fund; A. S. Holman, Travelers; E. C. Porter, United States Fidelity & Guaranty; R. E. Fay, manager National Bureau of Casualty & Surety Underwriters; T. A. Gallagher, assistant manager Prudential; C. W. Peterson, manager Phoenix Mutual Life; R. D. Carpenter, vice-president I. Magnin & Co.

C. C. Hannah, vice-president Fireman's Fund, will speak on fire insurance May 21 and R. L. Ellis, assistant vice-president Fireman's Fund, will discuss that subject May 24 and 28.

There will be discussions on May 31 and June 4, followed by a quiz. On



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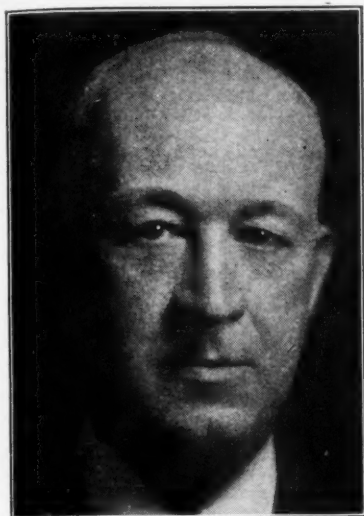
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M. E. Bulske, Chief Inspector

QUEEN CITY FIRE INSURANCE COMPANY
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June 7, Joy Lichtenstein, manager Hartford Fire and Hartford Accident, who has assisted Mr. Levinson in developing the program, will summarize the entire course.

C. A. Craft Elected as President of Pacific Board

DEL MONTE, CAL.—Charles A. Craft, Pacific Coast manager of Phoenix of London, has been elected president



CHARLES A. CRAFT

of the Pacific Board. Last year he served as vice-president and in 1938 as chairman of the executive committee. C. A. Colvin, Pacific Coast manager of National Union, Providence Washington and allied companies, has been made vice-president, upsetting a custom of many years standing, which meant the advancement of the chairman of the executive committee to maintain a line of succession. This has been abandoned because under certain circumstances it meant that in effect the executive committee selected the president.

Mr. Craft joined the Phoenix in 1913, covering the Pacific northwest, and served as general agent of the western department in New York for two years previous to taking the position he now holds.

Those elected to the executive committee, filling vacancies created by expiring terms, are: J. M. Mendel, London Assurance; J. P. Breeden, Corroon & Reynolds; J. M. Wylie, Springfield Fire & Marine; Joy Lichtenstein, Hartford Fire, and J. A. Whalley, Whalley & Co., Seattle. Alternates are: A. T. Bailey, North British; C. D. Lasher, Home of New York; Paul McKown, St. Paul Fire & Marine.

Oregon Results for 1939 Are Now Tabulated

The Oregon department reports that the total net premiums received by stock fire companies in that state last year amounted to \$7,178,773 and net losses paid were \$3,316,412. The fire premiums were \$3,753,658 and losses \$1,751,841; automobile premiums, \$2,399,928 and losses \$1,167,792; ocean marine \$531,433 and \$171,382; inland marine \$422,230 and \$204,887.

The total premiums received of mutual fire companies were \$1,486,734 and losses paid \$617,133.

The companies with more than \$100,000 in premiums in Oregon in 1939 are: Aetna Fire, \$296,430; Agricultural, \$345,507; Automobile, \$103,580; City of New York, \$157,292; Continental, \$122,778; Fireman's Fund, \$460,989; Firemen's, \$205,235; General Exchange, \$320,971;

General of Seattle, \$275,195; Hartford, \$141,901; Home, \$353,978; North America, \$117,832; National, \$274,159; St. Paul F. & M., \$111,691; Travelers Fire, \$282,598; Hardware Mutual of Minnesota, \$134,446; Northwestern Mutual Fire, \$273,006; Oregon Mutual Fire, \$588,282.

Salt Lake Situation Criticized

SALT LAKE CITY—The city's fire department has been severely criticized in a report filed with the city commissioners by Jay W. Stevens, San Francisco, chief investigator for the National Board. Charges were made that the local civil service commission had set itself up as a "public safety commission" and was attempting to operate both the fire and police departments. Mr. Stevens stated that existing conditions were "deplorable," and warned that official laxity in handling the situation may result in heavy fire losses.

At the executive session of the city commissioners it was brought out that officers and members of the fire department were in the habit of taking their grievances to certain members of the civil service commission, thus going over the heads of their superiors, thereby creating insubordination and a consequent lack of proper discipline. As a result of the disclosures made by Mr. Stevens the city commissioners decided to invite Chief Canfield of the Beverly Hills, Cal., fire department to Salt Lake City with the hope that he will be able to straighten matters out.

War on Colo. Code Printing

DENVER—Insistence by Commissioner Kavanaugh on a completely annotated and thoroughly indexed insurance code has precipitated a statehouse printing battle. The commissioner ordered the job done by a company which he says is the only one in the territory capable of producing the proper type of code. Other printers complained to the state executive council, demanding that the \$3,600 job be submitted to open bids, along with other types of state printing. Mr. Kavanaugh declares that the work requires highly trained technicians, with annotations "prepared by nationally known legal experts, not printers."

Discuss Bank Auto Financing

SEATTLE, WASH. — Automobile financing by banks will be discussed by E. W. Newton at the King County Insurance Association meeting this week. All Seattle banks have been invited to participate in the program.

Arizona Committees Named

V. M. Haldiman of Phoenix, president Arizona Association of Insurance Agents, has appointed W. C. Miller of Phoenix, chairman membership committee; Emmet Smith, Phoenix, chairman local agents Business Development Office committee; Les Curtis, Phoenix, chairman educational committee; Conner Johnson of Phoenix, chairman surplus lines brokers committee.

Denver Seeks 1941 Meeting

DENVER—At a meeting of the Denver Association of Insurance Agents, it was announced that Denver had put in a bid for the national convention in 1941. Reports were given on the Wichita meeting by members who attended. Plans for rewriting the constitution and by-laws were discussed.

The general agency of Cravens, Dargan & Fox, which for many years has been located at 114 Sansome street, San Francisco, has moved to larger and more convenient quarters on the second floor of 60 Sansome street.

A new agency has been opened in Yakima, Wash., by L. B. Andrews, formerly with Guaranty Trust Company.

William Tate, local agent in Claster, N. J., for more than 40 years, has merged his agency with the Ray Taylor agency as the Tate-Taylor Agency.

EAST

Sixty Get Diplomas in N. H. Agents Training Course

NASHUA, N. H.—Diplomas were awarded 60 graduates of the eight-week agents training course, the first of its kind to be held in New Hampshire. It was directed by the educational committee of the New Hampshire Association of Insurance Agents, of which H. H. Davis of Nashua is chairman. The school was in charge of Frank A. Mor-

ris of Concord. Mrs. Mabel T. Cooper received the first diploma in recognition of her 43 years in the business. There were 68 enrolled, with an average attendance of between 55 and 60.

President R. S. Perkins of the New Hampshire association has announced the regional meetings schedule for May. President Perkins will report on the Wichita convention, Secretary Clifton Hudson of the New Hampshire Board will talk on fire rate and rule problems and Secretary J. F. DeMeritt will discuss the educational program. The schedule follows: May 13, Conway; May 14, Rochester and Laconia; May 15,

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Buffalo Association Plans Large Syracuse Delegation

BUFFALO—Plans to send a large delegation to the New York State Association of Local Agents convention in Syracuse May 13-14 were discussed at the meeting of the Buffalo Association of Fire Underwriters.

A. C. Glasser, president, announced that the Buffalo association's new committees had elected the following chairmen: Finance, R. H. Mason; membership, E. T. Clauss; executive, J. C. Olson, and public relations, C. H. Wilson.

Mr. Glasser and Mr. Mason, delegates to the mid-year meeting of the National association in Wichita, reported on that conclave. Mr. Mason, who is general chairman of the national convention in Buffalo in September, also reported for the local convention committee.

Hold Springfield Outing May 15

SPRINGFIELD, MASS.—With an open invitation to all field men and local board members in the Connecticut river valley to attend, the Springfield Board of Fire and Casualty Underwriters will hold its annual outing at the Springfield Country Club, May 15. There will be golf in the afternoon and a dinner at night.

Guest speaker will be E. J. Schofield, chairman of the acquisition cost conferences. Prominent guests expected to attend include Commissioner Harrington, President F. R. A. McGlynn of the Massachusetts Association of Insurance Agents, President A. T. Buffington of the Massachusetts Insurance Federation, John W. Downs, counsel of the Federation; H. R. Preston, president Associated Insurance Agents & Brokers; George G. Bulkeley, president Springfield Fire & Marine, and C. O. Fischer, vice-president Massachusetts Mutual Life and president of the Springfield chamber of commerce.

Allow Solicitors in Rhode Island

Rhode Island has a new law just signed by the governor, stipulating resident agents and brokers in that state may employ solicitors to represent them in fire and casualty lines, provided the solicitors are residents of Rhode Island and meet the qualifications set up by the insurance bureau.

The solicitors will not have to provide bond as do brokers; they may work for only one agent or broker on the class of business for which the agent or broker is licensed, and the agents or brokers will be responsible for the acts of their respective solicitors.

Franklin County Board Elects

GREENFIELD, MASS.—The Franklin County Board of Fire Underwriters at its annual meeting elected these officers: President, Myron Stimson, Greenfield; vice-president, G. D. Myrick, Shelburne Falls; secretary-treasurer, John Bond, Greenfield, executive committee, Earl Milkey, Greenfield; Winthrop Packard, Greenfield, and Robert Allen, Turners Falls.

McGlynn, Landen at Gardner

GARDNER, MASS.—The Worcester North Association of Insurance Agents, with President J. J. Healey of Barre presiding, had as speakers President F. R. A. McGlynn of the Massachusetts Association of Insurance Agents and H. J. Landen of Boston, special agent Springfield Fire & Marine.

New Jersey County Meetings

The Hudson County Underwriters Association will hold an open meeting in Jersey City, N. J., May 14. Following a dinner, Prentiss B. Reed, veteran adjuster and professor of insurance at Columbia University, New York, will speak.

The Bergen county and Passaic county associations will hold a joint outing at

Starts Sixth Term



FRANCIS R. A. MCGLYNN

WORCESTER, MASS.—The Worcester Board of Underwriters, at its annual meeting elected Francis R. A. McGlynn president for his sixth term. He is also president of the Massachusetts Association of Insurance Agents. Other officers are: Vice-presidents, I. E. Sawyer and D. D. McPherson; secretary-treasurer, H. C. Maddocks, Jr.

the White Beeches Country Club, Passaic, N. J.

Pittsburgh Golf Tourney May 13

PITTSBURGH — Red and White team matches will feature the opening golf tournament of the Insurance Club at Pittsburgh at the South Hills Country Club May 13. J. F. O'Connor, Employers group, is chairman. J. W. Hubbard, Keystone Adjustment, will award the prizes at the dinner.

A unique garden party was held in the home office of the Excelsior of Syracuse in honor of Philip J. Koch, underwriter, who is an ardent gardener. Ever since going to Syracuse from Brooklyn more than 15 years ago, Mr. Koch has maintained quite a collection of plants near his desk in the Excelsior office.

CANADIAN

Sun Manager to Address Credit Men in Toronto

R. L. Stailing, Canadian manager of the Sun, will speak at the meeting of the insurance group of the National Association of Credit Men at its annual meeting in Toronto, May 21, on "The Canadian Insurance-Credit Situation." It is expected that at this conference the foundation will be laid for Canadian insurance credit public relations similar to the work carried on in this country.

Browning Retires in London

F. C. Browning, active in Canadian insurance circles until 1935, has retired. He went to Canada in 1922 for Liverpool & London & Globe, subsequently becoming casualty manager of Royal-Liverpool groups, and president and general manager of Globe Indemnity of

Canada. He went back to London in 1935 as accident manager.

Insurance Board Reappointed

The Insurance Board of British Columbia will have the same members this year as last: W. R. Sloane, J. T. Armstrong, J. P. McBeath and Donald Allen.

Montreal Accountants Elect

MONTREAL—K. DeGruchy, Royal Exchange, has been reelected president of the Canadian Insurance Accountants' Association, Montreal chapter. Vice-president is L. W. Lemieux, Fire of Canada; secretary, D. G. Bennett, North British & Mercantile; treasurer, M. I. Morganti, Loss Information Bureau.

G. A. De Clercq, 61, superintendent claims department of the Royal, died in Montreal. Prior to the great war, he was manager of Fidelity & Casualty at Montreal.

MOTOR

Finance Salesmen Must Explain Cover: Kavanaugh

DENVER — Commissioner Kavanaugh will issue an order shortly notifying finance companies writing insurance that their men must explain fully to the person buying insurance the provisions of the policies they sell.

"In most of the cases where we have received complaints," he says, "the assured had been sold so-called 'comprehensive coverage' and in ignorance of the true meaning of the term had thought he had an all-risk policy," the commissioner explained. "When they suffered a loss under a hazard that wasn't covered and tried to collect, they thought they had been cheated."

"As far as we have been able to determine, the salesmen involved didn't wilfully deceive the assured. The term 'comprehensive' was a common one to them and they took it for granted that the person buying the insurance was also familiar with its meaning."

"However, finding that the rate on the insurance offered by the finance

company was much lower than that by other agents, the customer was influenced to buy from the finance company because he thought he was getting a bargain. Agents, whether associated with finance companies or not, must hereafter avoid letting buyers get any mistaken ideas by explaining the coverage fully."

Breakdown Is Given of Motor Premiums of Fire Companies

NEW YORK—The breakdown of automobile experience of fire companies entered in New York state for the year ending Aug. 31, 1939, is now available. These are figures gotten together and filed in connection with the rate making program.

The net automobile fire premiums written for that period were \$13,505,579, losses paid \$5,704,444, ratio 42.2.

The automobile theft premiums were \$4,970,678, losses \$1,926,057, ratio 38.7.

The automobile comprehensive premiums were \$49,942,600, losses \$18,320,146, ratio 36.7.

The collision premiums were \$92,631,111, losses \$51,946,824, ratio 56.1.

Conversion Held Casualty Risk

LANSING, MICH. — Companies writing automobile theft coverage in Michigan, unless organized under the special automobile act which permits writing of all types of automobile risks in one policy, are not permitted to write unlawful conversion insurance, department officials said this week.

The department as far back as 1930 ruled that unlawful conversion is a casualty risk which may be written only by a casualty company whereas fire companies are permitted to write theft insurance. A question was raised in 1936 regarding this distinction but the department rule was reaffirmed and has not been contested.

New Michigan Endorsement

A new private passenger automobile policy endorsement has been issued for use in Michigan. The wording, particularly, of the comprehensive coverage section, has been revised and made more clear. The \$5 a day loss of use coverage is mentioned in the endorsement.

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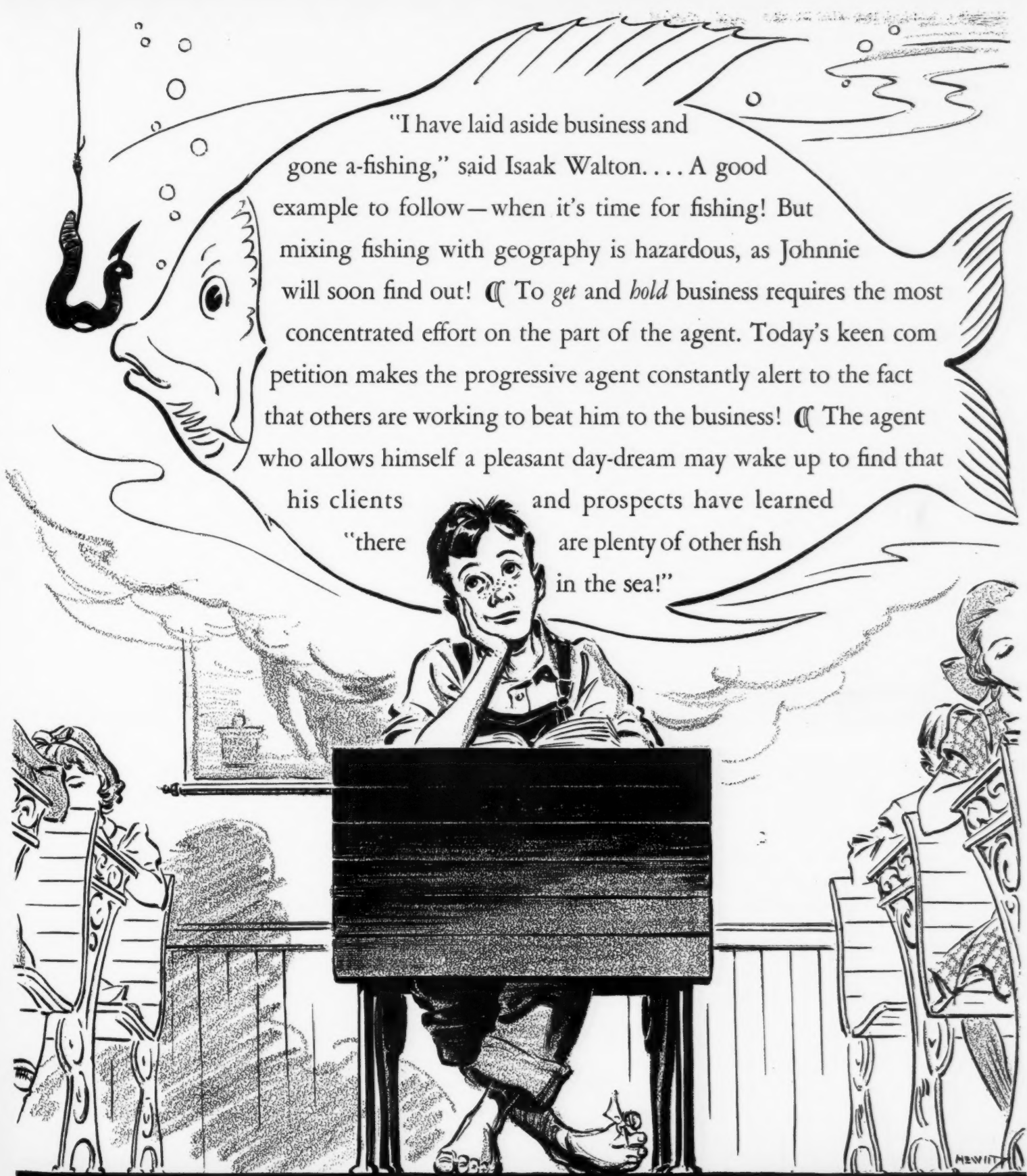
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The Allemannia Fire Insurance Co. of Pittsburgh	Organized 1868	Southern Fire Insurance Co., Durham, N. C.	Incorporated 1923

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